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West Europe Report

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24 April 1984

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NEW GREEK-CYPRIOT PEACE, DISARMAMENT MOVEMENT

Nicosia TA NEA in Greek 29 Feb 84 pp 1, 3

/Text/ Promoting in the context of Cypriot reality the cause of world peace and world disarmament and informing the Cypriot people about the dangers inherent in the arms race and in nuclear weapons are the main goals of establishing the Pan-Cyprian Movement for Peace and Disarmament /PKEA/.

In a press conference yesterday in Nicosia on the occasion of the founding of the Movement (it was established on 19 January 1984 and was registered on 4 February 1984), PKEA Chairman of the Board Dr. A. Sismanis emphasized that the Movement resulted from the realization that the struggle for peace, disarmament, and the elimination of the nuclear weapons must be two-sided and free of political ties.

"We, the founders and members of the Movement," Sismanis added, "know that the primary duty of every Cypriot is the struggle for the liberation of our motherland, but at the same time we believe that under the current conditions of the insanity of armaments and of the immediate danger of a nuclear holocaust, the struggle for peace is parallel to the struggle for liberation because liberty and independence are meaningless without peace."

From the day the Movement came into being it has been active. In addition to its contacts with similar movements abroad, it took part in the International Conference of Peace Movements for a Nuclear-free Europe in Athens from 6 to 9 February and which was organized by the Movement for National Independence, International Peace and Disarmament (KEADEA). As is known, Premier A. Papandreou gave the opening speech at the conference. International personalities of the movements for peace took part.

In addition to the final communique of the conference, the seven-member committee, which prepared the conference, issued a resolution condemning the declaration of independence of the illegal Turkish-Cypriot "state". In its resolution the seven-member committee stated that the unilateral declaration of the Turkish-Cypriot state is entirely contrary to the spirit of peace and understanding among people on earth. It is also contrary to the resolutions of the United Nations. It is further contrary to the idea of international detente which must prevail in our lives.

The resolution after condemning the illegal state calls on world public opinion to help the implementation of the resolution of the UN Security Council on Cyprus.

At the conference, it was said that the Pan-Cyprian Movement of Peace and Disarmament has contacts and does not rule out cooperation with any peace movement throughout the world.

It was also said that in the future the Movement plans to demonstrate against armaments at the British bases on Cyprus.

The Board of Directors of the Pan-Cyprian Movement is composed of the following: Andreas Sismanis, physician, chairman; Dimitris Georgiou, physician, vice-chairman; Petros Hr. Frakalas, attorney, secretary general; Marios Pandelidis, dentist, treasurer; and Kostas Avramidis, physician; Vasos Pyrgos, physician; Marios Karatzas, civil engineer; Andreas Khatzipanagis, educator; Andreas Palmas, bank employee.

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CS0: 3521/212

BUSINESS EYES DECLINING PUBLIC SAFETY, PROPOSES MEASURES

Madrid ABC in Spanish 28 Mar 84 pp 52-53

[Article by Carlos de Miguel: "Businessmen Call for Action Against Declining Public Safety"]

[Text] Madrid--In the opinion of the CEOE [Spanish Confederation of Business Organizations], the actions taken by the Justice Ministry are the main reason for the rise in crime in recent months. This issue is of such concern to businessmen that it was the main item on the agenda at the most recent meeting of the confederation's Executive Committee, which was held last week under the chairmanship of Carlos Ferrer.

The issue is of particular concern because of its impact on small and medium-sized businesses. In this regard, the president of CEPYME [Spanish Confederation of Small and Medium Businesses], Juan Jimenez Aguilar, stated at a press conference yesterday that an inadequate level of public safety and taxes are the main enemies of small business and are preventing it from expanding and fulfilling its function of creating jobs. Participating at the press conference were Carlos Ferrer, Jose Maria Cuevas, Ignacio Briones, Diego de Pedroso and Jose Luis Ceron, among others.

The CEOE has taken a hardline stand on some of the measures implemented by Minister Ledesma. In this regard, the report drafted by the top business leaders states that "the protection of freedoms to unjustifiable extents could and in many cases does entail an attack on the equally constitutional rights to life and personal integrity of many businessmen and their employees, as well as on the right to work of the latter."

"In a good many instances," the CEOE document adds, "the government's recent parole of inmates has been unwarranted, and some of the most pessimistic predictions have been borne out. Their release was nothing more than an incentive to commit further crimes, ruining families and throwing workers out of jobs."

In light of this, the Business Confederation asks whether society as a whole and, in particular, the victims of robberies, holdups and

kidnappings must pay, in the form of their lack of security, for the freedom of those who have repeatedly shown that they are not deserving of such freedom. To corroborate this assertion, a special CEOE committee on public safety has conducted a study on the increase in crime in our country, the findings of which can be seen in the table at the end of this article. The study found, for example, that more than a half million crimes were reported in Spain last year and that a commercial establishment is held up every 20 minutes. Furthermore, one-fourth of the inmates who have been released have gone back to jail because they were guilty of repeat offenses. Holdups increased the most among bars and cafeterias last year, 96 percent. Holdups of gasoline stations recorded a comparable rise.

The above data give the CEOE grounds to assert that "the fundamental rights to life, physical integrity and safety are in increasing danger," and this feeling of inadequate public safety is spreading through society at large. The authorities are not unaware of this development. However, recent legislation (in particular the reform of the Criminal Procedure Law) is viewed by business as clearly unbalanced on the side of protecting individual freedoms and ignores the negative consequences that this imbalance entails for society as a whole. It regrets, moreover, that these actions are a direct attack on small and medium business and in many cases jeopardize their assets, which have been built up over long years of work.

In its defense of small and medium business at the same press conference, the CEOE harshly criticized the new Single Objective Estimate System, which Jose Luis Ceron called "excessively complicated and unworkable." The new system, developed by experts in the Finance Ministry, cannot practically be applied to small businessmen, farmers or cattlemen because in many cases it forces them to keep accounts in accordance with the Commercial Code when many of them have no more than an elementary knowledge of arithmetic, and there is no reason to demand otherwise.

Labor Violence

The feeling of insecurity among businessmen grows when the time comes to negotiate collective bargaining agreements, given the climate of labor unrest in the country. According to CEOE data, whereas the total number of work hours lost was up 213.11 percent from January 1983 to January 1984, the number of hours lost due to strictly labor disputes was up just 19.69 percent. The huge difference can be ascribed to work stoppages protesting the industrial reconversion or the administration's general economic policy. In any event, the number of work hours lost owing to strictly labor-related causes rose 19.69 percent. The CEOE leaders are aware that the lack of a framework agreement has hampered the negotiations, and in the words of Jose Maria Cuevas, "this has been a bad deal for society in general and for job creation in particular, a bad deal for which Workers Commissions (CCOO) is largely responsible."

The difficulties in the negotiations have often led to violence against businessmen and their companies. The situation has been particularly serious in the construction sector, in which, according to CNC president Ignacio Briones, "unwonted violence has been unleashed," resulting in the wounding of several project foremen and in widespread vandalism at work sites.

To this we must add the wave of kidnappings of businessmen, which has led Carlos Ferrer to speak of a new Italian-style "kidnapping industry." This phenomenon is also on the rise and, sadly, has claimed its first victims; Toledo businessman Claudio Avila was slain recently. Until a short while ago, this sort of blackmail was used only for political purposes, but it has now moved into the economic sphere.

Inadequate Public Safety Leads to Increasing Company and Store Shutdowns

In the wake of the sharp decline in public safety, demonstrations have been staged and businesses and stores have shut down in cities and towns all over Spain. Shopowners in Malaga decided to close their doors to pressure the government into taking drastic measures to cut the high crime rate. Shops in Barcelona, Tarragona, Lerida and Gerona, as well as jewelry stores on the Balearic Islands, shut down for a day just last month for the same reason.

Businesses in Toledo have now decided on a shutdown sometime in May to protest holdups and the kidnapping and murder of Claudio Avila, whose body was found floating in the Tajo River 3 kilometers from Aranjuez.

Stores closed down in Cartagena yesterday to protest the lack of public safety and to show solidarity with jeweler Ricardo Carrion, who was robbed of more than 100 million pesetas a few weeks ago. The vendors of the tickets for the lottery to help the blind, as well as taxi drivers, joined in the work stoppage. The decision had been made by the Cartagena Regional Conference of Business Organizations, which was hoping that its call would be heeded by all citizens, who are fed up with all these robberies and holdups.

In Madrid there have been shutdowns in Vallecas, Usera and Orcasitas, in addition to the general work stoppage last month. At the same time, small businessmen held a rally in the Sports Palace to put pressure on the government. Also, a coordinating committee has been formed in our city to take up specific public safety issues.

Lastly, it has been learned that businessmen in Albacete are going to hold a meeting this week at which they will consider a lockout and closure of shops. They are hoping that businessmen and shopowners all over Castile-La Mancha will make common cause with them.

Specific Measures Recommended by the Employers Organization

The document that the CEOE has submitted to Interior Minister Jose Barrionuevo contains a list of specific recommendations for improving public safety. Economic, legal and procedural actions are suggested. According to the committee that drew up the report, these actions "will help to create a new climate."

The package of measures that the employers are recommending is divided into two sections: specific measures and changes in certain public safety laws.

1. Specific Measures

- Changes in the assignment of government security personnel so that certain "well-known figures" do not monopolize these scarce agents, who are supposed to serve all citizens.
- Strict enforcement of the regulations governing street vendors so that consumers are not offered criminally obtained products.
- Effective night patrols in large and medium-sized population centers, employing private security firms to do this work when appropriate.
- Necessary action to prevent the publically owned mass media from conducting interviews and discussions or putting on programs that could represent a justification of crime, criminals or violence.
- Strict enforcement of the regulations governing the right of asylum.
- Coordination of the administrative powers of mayors in the various law enforcement agencies.
- Reasonably priced private security measures subsidized by the Treasury or the cost of which can at least be deducted from income taxes.
- Instructions to district attorneys to challenge "generous" judicial rulings on parole.

2. Legal Reforms

- The document asserts that there should be in-depth reforms of certain public safety legislation and of other laws that might be contributing indirectly to the insecurity among both industrialists and shopowners at present. The following measures are proposed:
- A two-pronged reform of the Criminal Procedure Law: streamlining criminal trials and revising the standards for preventive custody (Articles 503 and 504) so that conditions under which parole is proper are made "objective." This reform is regarded as imperative, not only

to prevent law enforcement agencies from becoming demoralized, but also to still the legitimate outcry of citizens that criminals come in one door and go out the other.

--An organizational reform of the judicial system and the creation of new courts, which will have to be given the necessary manpower and materials to diligently discharge their functions.

--Prison reform and the creation of new penal institutions.

--Expanding the staff of law enforcement agencies.

--Stiffer penalties in the Penal Code for the trafficking and consumption of drugs and for accepting stolen goods, as well as the abolition of the extenuating circumstances relative to such crimes.

Other Measures

In the judgment of the businessmen in the CEOE and CEPYME, the measures set forth in the document must be implemented without delay, which does not preclude other actions that might strike at the roots of the current situation over a longer haul. For example, the employers group stresses the need for social action, inasmuch as according to official reports, 80 percent of crimes are drug-related. They therefore point out that decisive action is necessary in the fields of drug addict rehabilitation, training for young people and an appropriate use of leisure time.

The document submitted to the interior minister concludes by asserting that its proposals constitute a suitable foundation on which to strive for personal security among all Spaniards and that businessmen are offering all the help that the government might need in this effort.

Robberies were up by the following percentages in 1983:

<u>Location</u>	<u>Percent Increase</u>
Banks	66
Pharmacies	51
Gasoline stations	92
Jewelry stores	69
Cafeterias, bars and locales for social gatherings	96
Public thoroughfares	46

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CSO: 3548/226

DEMONSTRATORS DEMAND ENHANCED PUBLIC SECURITY

Madrid EL ALCAZAR in Spanish 20 Mar 84 p 17

[Text] "The time has come to change for some ineffective laws to be changed. What we need is to have the criminal automatically tried when he is arrested, and to have him sent to prison, instead of his being out in the street again a half hour later. If Barrionuevo and Ledesma and the whole government are not able to do this and guarantee the safety of honest people, they should automatically resign, because they are not doing their job," Antonio Saenz Martinez, president of the Los Pinos Neighborhood Association, said yesterday during a demonstration held at the junction of Doctor Esquerdo and Valderribas Streets, on the very spot where businessman Aurelio Munoz was murdered on Saturday.

Some 200 residents of the area, as well as other persons who had heard about the event--among them the brother of the industrialist who was murdered on Thursday in Orcasitas--gathered at the place, at almost the exact time when the latest victim of the citizenry's lack of security was buried. At the place where he fell, hung on a railing, there could be seen a large banner from the Neighborhood Association which read. "We are fed up with robberies and murders. We demand security and peace."

A representative of the Neighborhood Association read a message which had been prepared for delivery to the civil governor of Madrid, in which Colorado, as well as the ministers of interior and justice, are blamed for the conditions which exist in this area.

A disproportionately large number of secret police, and national and municipal police were detailed to the peaceful ceremony. "We have never had the opportunity of seeing so many policemen around here; we only wish they would come here every day to protect us," commented a member of the board of directors of the Neighborhood Association. The people who had gathered began a march on foot to the headquarters of the civil government in the Calle Mayor, where they planned to deliver the above mentioned letter.

"The City Government Doesn't Even Take Any Notice "

"This is one of the areas where there are the most robberies and the least security. The city government, which we believe has the primary responsibility,

has not done anything to help us, although the situation has been explained to them repeatedly," the president of the Neighborhood Association told this newspaper amid general indignation and irritation. "Colorado, Tierno; Barrionuevo and Ledesma are not giving any kind of cooperation; especially by repealing obsolete and unworkable laws which allow the criminals to avoid energetic and rapid conviction. Furthermore, it is useless for us to ask for protection, because they send us some policemen for 2 or 3 days, and then they go away leaving us in the same condition as before."

"We are all going to have to get together to put an end to this, but in particular we must have laws which would allow the gentleman who is caught with his hand in the cookie jar to be tried immediately, and not be let go free."

For her part, a businesswoman, a resident of the district, related how she had been robbed four times during the past month. "One of them had me lying on the floor for a half hour with a pistol pointed at me." "We cannot do our work," she added, "because of the robbers. The worst of it is that on many occasions the police know who they are, but don't do anything, they don't want to or cannot take action. I myself have reported repeatedly that there are some places near my store where criminals gather, keep their tools and the proceeds of robberies, and the police have done nothing. It is on the ground floor at the rear of number 3 Virgen de la Roca Street."

Another resident commented during the demonstration: "We would like to see the ministers just once go out in the streets without their bulletproof cars. Let them go through this district without protection for one day. The government is to blame for what is going on, but if it should happen to them or their family members, it would be stopped."

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CSO: 3548/220

COMMENT FULLY ENDORSES PASAJES ANTI-ETA ACTION

Madrid ABC in Spanish 24 Mar 84 p 11

[Text] The result of the shoot-out at the Guipuzoa harbor of Pasajes between State Security Forces and a group of ETA activists is an event that at least is useful for clearing up the common conviction that terrorism was an illusion that almost always withdrew victorious from police action.

Respect for the law is a necessary condition in counterterrorist actions, but the effectiveness desired can only be obtained when one adds to the intelligent use of adequate means a clear, resolute political will to put an end to banditry. This political will is necessary, and in one way or another seems to have been assumed by all the parties in the parliamentary spectrum. There may be shadings between the different democratic forces with regard to the terrorist phenomenon, but the recognition that ETA must be stamped out is unanimous among all those which are truly democratic and do not represent any dictatorial, totalitarian commitment in embryonic form.

We think it is unquestionable that either an end is put to ETA now--directly as such, or indirectly, through its second line, like the so-called "autonomous commandos"--or ETA might make irreversible and even faster the acute process of national deterioration which we are experiencing. The episode of setting fire to trucks on the northern highways has shown the outlines of its current strategic state, consisting especially of the intention of converting itself into the revolutionary flash-point of any tense situation. Within a general economy of subversion, the ETA gangs--like other terrorist groups abroad--act as spearheads, like the communist or anarchist groups prior to the last world war.

This is why inasmuch as we observed in the Pasajes event enough political will on the part of the government to put an end to terrorism, we have no embarrassment at all in expressing our agreement, satisfaction and applause. Because our attitude is unmistakably critical of the ideology of socialism, as well as of the general inefficacy of the PSOE [Spanish Socialist Workers Party], we are able to praise the government's political will and the political stand it is taking regarding the ETA.

Meanwhile, therefore, the government knows that it will have our support, just as it will have the support of all Spaniards of good will, whether they are of the Right, Center, or Left, whether they are conservatives, liberals or socialists. Terrorism, although some may want to turn it into an ideology, is a phenomenon outside any ideology, opposed to politics, despite the fact that some have gone from politics in pursuit of terrorism in order to use it in accordance with their ambitions. We believe this kind of temptation and contraband has ended and disappeared. Democratic forces should therefore support this political decision by the government regarding ETA.

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CSO: 3548/223

POLL EXAMINES REAGAN'S POPULARITY IN DENMARK

Copenhagen BERLINGSKE TIDENDE in Danish 13 Mar 84 p 5

[Article: "Reagan Is Not Popular in Denmark"]

[Text] Almost two thirds of the Danish voters (60 percent) would like to see Reagan replaced by a Democratic president. This was indicated by a survey taken by the Gallup Institute. A representative sampling of voters including about 1,000 respondents was asked the following question:

"What do you think is best for the world: that Reagan be reelected or that a new president from the Democratic Party be elected?"

The following answer was given--broken down according to the political affiliation of the respondents:

	Reagan %	New President %	Undecided %	Total %
Total	14	60	26	100
To the right of the Social Democrats	23	50	27	100
Social Democrats	7	73	20	100
To the left of the Social Democrats	6	81	13	100

Only a few (14 percent) want Reagan to be reelected, while about one fourth (26 percent) do not care who holds the position of president, the world's most important political post.

As indicated by the survey, and as expected, voters on the left are most critical of the Republican president, but Social Democratic voters are almost as critical.

It is more noteworthy that most nonsocialist voters also want a Democratic president or, at least, would like to see President Reagan replaced. The least animosity among the nonsocialist voters was found in the Center-Democratic Party.

May be reprinted only if BERLINGSKE TIDENDE and the Gallup Institute are indicated as sources.

RECENT ACTIONS INDICATE SDP UNEAGER TO COOPERATE WITH SCHLUTER

Copenhagen BERLINGSKE TIDENDE in Danish 13 Mar 84 p 8

[Editorial: "Extreme Policies"]

[Text] Prime Minister Poul Schluter has expressed skepticism over the possibility of achieving a broad political majority in parliament behind Denmark's economic policy. Events surrounding the approval of the 1984 budget also evoke skepticism in this respect. The exaggerated reaction of prominent Social Democrats to the government's desire to cut block grants to the municipalities in 1985 points in the same direction.

In addition, a close examination of the proposed so-called working program the Social Democrats have sent to their local party organizations for discussion also creates uncertainty as to the party's goals for the development of our society. The Social Democrats want to increase social spending and other public expenditures and initiate grandiose reforms such as paid leaves of absence for training, "control" of technological developments, and others. Moreover, in the field of economics and business, an enormous gap may be seen between what the Social Democrats seem to want and what the nonsocialist parties stand for.

Thus, the Social Democrats insist on obligatory profit sharing which, in itself, would paralyze major segments of the business world. With regard to financial institutions and insurance companies, the Social Democrats want to place public representatives on their boards and regulate their activities. In practice, this is tantamount to nationalizing these financial institutions. This would rob the previous owners of their right to run their businesses as they see fit.

The Social Democrats also want to place representatives of society on the boards of private funds and companies of considerable importance to society. The responsibility of the central bank for monetary policy would be shifted to the government. Society would be directly involved in production, both alone and in conjunction with private business. A government trade agency would coordinate exports. A land bank arrangement would divert rises in real estate values to the government. These are a few of the proposals.

This is no moderate, middle-of-the-road party that is seriously working with

such proposals. In reality, all this and more is an expression of extreme socialist policies.

It must be assumed, then, that the Social Democrats will attempt to carry out their own working program. But their proposal contains elements that will insure that the Social Democrats will have no one with which to work except the extreme left wing in parliament.

9336

CSO: 3613/120

SOCIALISTS SCRUTINIZING REASONS FOR TWO ELECTION DEFEATS

Two Setbacks in a Row

Copenhagen AKTUELT in Danish 16 Mar 84 p 12

[Article by Harry Rasmussen: "That's the Way it Went -- But Why?"]

[Text] In the Social Democratic Party right now the question is being debated: The party has lost two elections in a row. This has never happened before. Why did it happen?

There can be many opinions on this, but it is important that it was Prime Minister Poul Schlueter's decision when the elections should be held. He wanted them naturally, because the Conservatives' Gallup figures were going through the roof, and with the Social Democrats' rejection of the finance bill, he got the chance he was hoping for -- and he seized it.

There were some confident predictions in the elections: The Conservatives would advance, and the Center Democrats and the Progressive Party would lose catastrophically.

And these predictions held true. But there were some surprises: the Liberal Party, the Christian People's Party, and the Social Democrats were supposed to suffer great losses, but this is not the way it came out. The Social Democrats survived without such great losses as were expected or feared, and the Liberal Party and the Christian People's Party, which were so much afraid of the results that many thought the two parties would keep Schlueter from holding the election, were forced to stand -- and won!

But an election result can be interpreted in many ways. The Social Democratic party secretary, Ejnar Hobgard Christiansen, has had an analysis made of the election figures from 1968 to 1984, among other things on the basis of Observa's continual measurements, and he has divided the parties into groups that fall together (on the Left and the Right). A nonsocialist group with the Radical Liberal Party, the Liberal Party, and the Conservative Party -- and finally the Democratic Center and the Progressive Party grouped together as "the new parties from 1973." This picture does not show the present non-socialist block, which naturally has CD's full support and most of Z's, but it

nevertheless does say something about party developments.

Pattern in the Curves

The traditional party patterns and the traditional constellations were broken in 1973 when CD and Z came into the Folketing.

The Social Democratic material analysed includes a country outline and also outlines for each of the counties, capitals, the large cities, etc., but a common feature is that the curves agree for each election. The tendency over the whole country is in general the same -- and exceptions are regarded and treated as phenomena requiring special explanations.

In 1973 the four old parties gave up about the same portions of their votes to the two new parties -- CD and Z. The voter shift had begun, and in the latest election the voters shifted, among other ways, so to speak directly from the far Right to the far Left, and vice-versa. But the Social Democrats regained their 1973 losses as early as the 1977 election and at the same time took a good bit from the Radicals, Conservatives, and Liberals, which as a block in that election took the lowest number of votes ever.

Not until 1984 did B, C, and V recover parts of the 1973 losses, but not all of them by a long shot.

Even if there seem to be uniform tendencies in the elections, there are naturally exceptions. In 1984 the Social Democrats lost 2.6 percent of the votes, with varying local results from minus 5.2 percent in Sonderjylland's county area to plus 1 percent in Copenhagen's county and a plus 0.8 percent in Nordjylland's county.

Where Did They Go?

Another consideration is the voter shift from the 1981 election to the 1984 election, and the results are interesting. The Social Democrats got 10,000 votes from the Radicals -- but gave up 41,000. The party took even more from the Conservatives -- namely 21,000, but gave up 41,000 here, too. It is surprising that S gave up 21,000 votes to the Single Tax Party -- without any compensation. On the other hand, S got 62,000 votes from SF, while at the same time delivering 31,000. The 10,000 Z votes that A got were balanced by the 10,000 the party delivered to the Liberal Party.

But it is also interesting to note how the Conservatives got their large election gains. The net gains calculated in percentage looks as follows in the form of gains from these parties:

Social Democrats	5
Radicals	2
Single Tax	2
SF	2
CD	15

Liberals	5
Christian People's	2
Progressive	24
First Time	12
Abstainers in 81	6

The Social Democrats got 21 percent of the first time voters in contrast to the Conservatives' 42.

The total voter shift effect for the parties from the 1981 to the 1984 elections with each individual party's total votes in 1981 set at 100 becomes for the 1984 election:

Soc. Dem	104
Radicals	115
Conservatives	175
Singl. Tax	112
SF	110
Communists	67
CD	60
Christian	127
Liberals	115
Socialist Left	108
Progressive	43

MP Cites Economic Policy

Copenhagen AKTUELTE in Danish 16 Mar 84 p 13

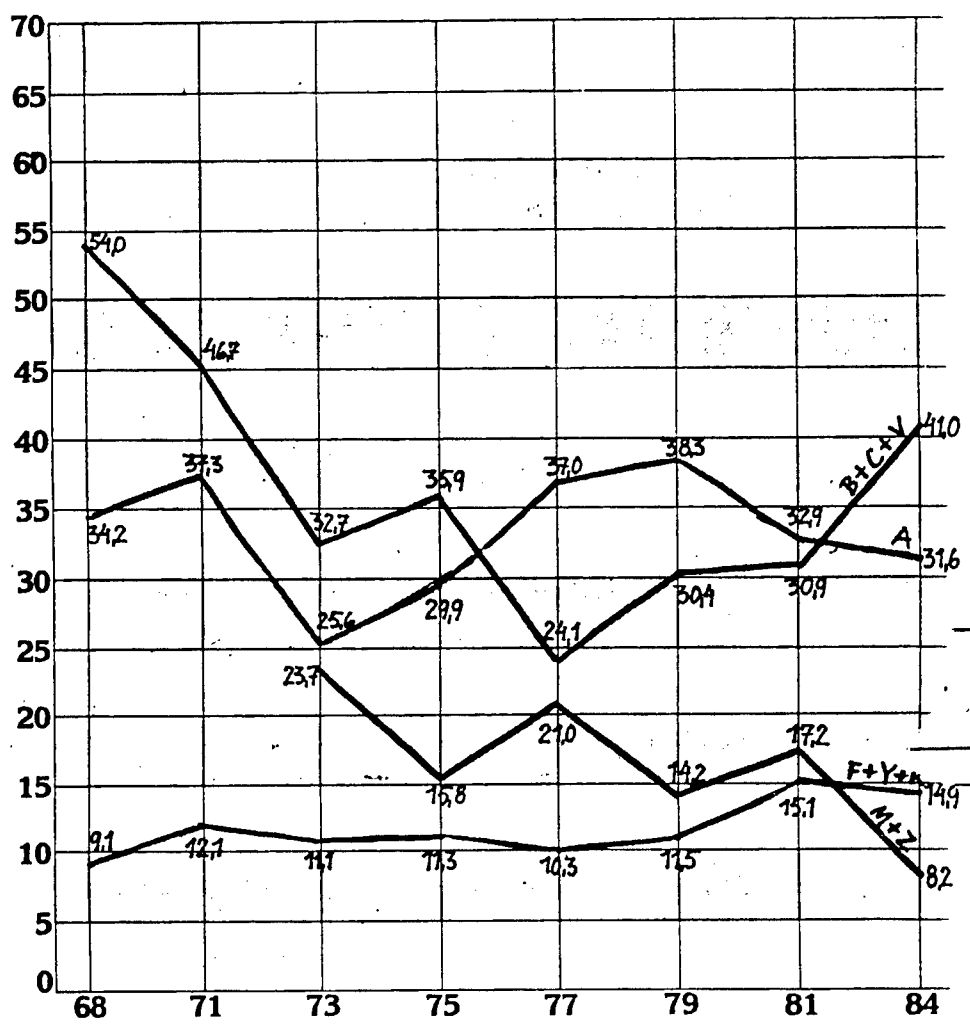
[Article by Mogens Camre, MF, (S): "Social Democrats are in Full Swing Toward Political Renewal"]

[Text] The debate on why the Social Democrats have experienced two election defeats in a row is going strong.

The loss of nine representatives in 1981 and three in 1984 is a serious matter and should naturally not just be discussed in the nonsocialist newspapers, which are quick to gather support for the Schlueter government by saying that the Social Democrats are drooping and divided.

This characterization has nothing to do with reality, but of course we must ask ourselves what the cause of our setback is -- whether we have made a mistake, and what political renewal there may be need for.

A rather common criticism that is particularly brought forth at meetings in our voter groups is that we -- that is, the Social Democratic politicians -- do not argue and urge strongly enough for the party's ideas, and what is understood here is that if the voters really knew what we stood for, more would vote for us.



(1)

		A	F+Y+K	B+C+V	M+Z
Tab/Gevinst	1968-1973	-8,6	+2,0	-21,3	+23,7
i stemmetal	1973-1979	+12,7	+0,4	-2,3	-9,5
	1979-1984	-6,7	+3,4	+10,6	-6,0
	1968-1984	-2,6	+5,8	-13,0	+8,2

Figure 1: Whole Country. This is how the national results look in a comparison between 1968 and 1984. When M and Z "result" in a gain of 8.2 percent, the reason is that the two parties did not stand for the 1973 election and therefore begin in 1968 with "zero."

Key:

1. Loss/Gain
in Number of Votes

I believe that this idea is wrong, and I think that it implies a disparagement of the voters. The people know generally very well what the Social Democrats stand for. The problem is that social and economic developments in our society have led fewer people to feel that they need the united solutions we have in our platform.

In the 1930's, when the Social Democrats had the strongest support ever, the majority were poor and uncertain and felt the need for solidarity. In the 1980's only a minority are poor and uncertain and feel the need for solidarity. This is due in great part to Social Democratic efforts, and we should be glad of this.

This situation does not mean that we have accomplished our goals -- that we have solved all the problems of Danish society, but that new and often quite different problems have arisen that we must orient our policy on.

The Danes are always a socially conscious people, but the large middle group in the population seeks security and certainty in a different way from the weakest groups. The middle group wants first and foremost a steady economic development, growth, education, and insight into and influence on their own living conditions. This should give the Social Democrats a chance for new progress.

Negative Development

I believe that the main reason for the serious loss of representatives by the Social Democrats in the last two elections, 1981 and 1984, is economic policy.

We were in power in government during a very negative development in international economy, during which Denmark's growth and employment suffered. No matter what we did, the tendency to decline continued -- and many naturally thought that it was our fault. Of course no one got to see what would have happened if we had made fewer efforts or if there had been a nonsocialist government during these years.

By this I do not mean to say that we followed the ideal economic policy, but all our attempts at further recovery were made impossible by the fact that we could not gather a majority for our policy in the Folketing.

In the meantime, it was possible in 1981 and 1982 to create a broad understanding in the population that new paths in economic policy should be chosen. It was above all Social Democratic politicians who created a broad understanding for the necessity of a tight income policy and a reduction of the nation's deficit through savings and real interest taxation of pension funds.

Could Not Gather a Majority

But we were not able to gather a majority for the necessary effort. On the one hand the Radicals and other possible nonsocialist support parties demanded

stronger measures than we proposed, and on the other hand there were some of our own people in parts of the union movement who would not agree to going farther than the general recovery suggestions we proposed in September 1982.

As is known, this situation led to the departure of the Social Democratic government and to Schlueter's takeover of governmental power. The path was open to a series of broad tightening measures, the details of which the Social Democrats were not able to influence.

Since the nonsocialist government was then favored on the one hand by an improvement in international economic development and on the other by good fortune in a series of changes in economic policy, this led almost by necessity to a further weakening of the Social Democrats. We must have looked to many voters like a party that to be sure knew what was right but that did not have the strength necessary to put through the needed policy.

Now the Future is Important

What the people did not come to understand well enough was that the weak minority would bear an unreasonable part of the burden of recovery and that the Social Democrats could have accomplished the same result with a more socially balanced policy.

But one cannot drive a car by only looking in the rearview mirror, and now the future is important. First of all we must realize that Denmark is not in a short-term economic crisis.

All the problems we have concerning high unemployment, large government deficits, inappropriate use of educational capacity, and uncertainty and insecurity concerning people's roles in family and society are a result of more persistent changes in the conditions of "old" industrial countries such as Denmark have been living under in the last quarter of the 20th century.

Therefore we cannot combat the problems by applying traditional crisis measures. We must realize that the world is changing much more rapidly than ever before, and that there is great demand on us to be able to adjust our policy to the new conditions.

The world will -- as far as we can see -- constantly be in a state of rapid change. This does not apply just to technology and economics -- to be sure the changes begin there, but they affect all our living conditions.

On the one hand, the Social Democrats must stand as the defenders of the weak groups who are the first to be hit by the problems involving the rapid changes in society and who must not be left in the lurch or just helped to survive, and at the same time we must present solutions that enable us to steer developments instead of being chased around with temporary solutions.

Progress Will Return

This means that we must take the responsibility for the -- often unpleasant -- measures that can remove our problems of economic balance and at the same time find realistic means of increasing growth quantitatively and qualitatively and with respect to the limits set by limited resources and environmental questions. It is a matter, therefore, of industrial policy, education and research, environmental policy, and cultural policy.

There is no doubt that the rapid change in living conditions and standards that is taking place causes great human problems -- not just for those groups that are caught in the squeeze in the development, but for us all. The recent initiatives of the Social Democrats in the area of legal reform, family policy, and crime prevention show that we are on the way, but we need much more thorough analyses of the need for reform in those parts of our social structure that are directly affected, what I would like to call the human climate.

The Social Democrats are in full swing with all this policy renewal, and with it, progress will return.

SDP Agree on Strategy

Copenhagen INFORMATION in Danish 17-18 Mar 84 p 5

[Text] The party will present its total economic-political proposal this fall.

The union movement and the Social Democrats reject wage dictation, but will gather strength for a combined move that will connect the Folketing's negotiations on Finance Law 85 and the tax reform in the compromise situation.

This was the main conclusion at a common meeting on the situation of the labor movement after the election. The meeting between the Social Democrats and the Danish Federation of Trade Unions (LO) took place at Bymosehegn in Helsingør Friday afternoon and ended with a joint declaration, which concluded with the statement that the union faces two "challenges."

The first is that the party must "convince the population that our program on economic policy includes a simultaneous and strong reduction of both unemployment and deficit."

Just Income Policy

The other challenge is the coming compromise situation, they said.

The statement rejects "attempts by the government to bring wage policy completely over to the labor market," and at the same time the statement points to the possibility of a "just income policy" with reduced work time, an active investment policy, and an income tax reform."

The statement is an expression of the fact that at the meeting there was strong support for the idea that the Social Democrats must now begin a negotiation offensive with the government, and that the union movement must make a clear move toward three-part negotiations, clearer than it has been before, participants in the meeting told INFORMATION.

Strong forces in the union movement fear a repetition of the negotiating situation of 1983, where the union movement bowed to the government's wage dictations without any compensatory benefit. If this happens again, the labor movement will be seriously weakened, one feels, and therefore strong efforts are being made to establish by this fall something similar to a negotiating situation between the party and the union movement on the one side and the government on the other. so that wage policy in the future will not be purely dictated.

Joint Initiatives

Therefore the party also promised to gather the necessary political-economic initiatives to a total solution and to present it jointly in the Folketing this fall. The tax reform proposal has just been presented and on Tuesday the party will, during a debate hearing on reduced working time, press for a new Folketing resolution that orders the government to encourage sections of the labor market to seek a reduction of working time and at the same time to gather documentation that can show the social economic advantages in a reduction of working time.

At the meeting the union movement's spokesman presented a broad critique of the decision to vote against the finance bill that caused the election. But there was no personal criticism of Anker Jorgensen.

Differences between the Semi-Skilled Workers' Union and Metal did not dominate. The Semi-Skilled Workers' Union, which in recent months has been very skeptical about a three part negotiating strategy, was surprisingly agreeable.

But one wish from the Semi-Skilled Workers' Union to bring Economic Democracy in with the demands included in a total solution this fall did not pass.

Division of surplus is discussed in the report, but separate from the concrete demands in connection with the compromise situation in a careful formulation that was from the start proposed by a subcommittee that had worked in advance with a proposal for the meeting.

The formulation covers up the fact that one does not feel division of surplus is a current topic, a participant of the meeting said.

The subcommittee that delivered the proposal consisted of Knud Heinense, Ritt Bjerregaard, and Svend Auken, together with LO's deputy chairman, Knud Christensen and LO's chief economist, Poul Nyrup Rasmussen.

PAPER URGES REFORMING OF ESPIONAGE LAW IN LIGHT OF SPY TRIAL

Helsinki HELSINGIN SANOMAT in Finnish 22 Mar 84 p 2

[Editorial: "Open Discussion on Espionage"]

[Text] During approximately the same time frame that the decision of the Supreme Court was being formulated with respect to this last spy case, the chief of the surveillance section of the Security Police reported on the dangers and present aspects of espionage to certain select groups. These events have a connection that is at least more than coincidental. The Supreme Court released more arguments about its decision than ever before. The Security Police has never been quite as talkative.

Additional information on what is to be interpreted as treasonable activities at any given time is necessary. Even the law is quite antiquated, from 45 years ago, and is unfortunately ambiguous. On its basis a Finnish citizen can be suspected of espionage in the normal accumulation of information even though he may not have anything to do with foreigners. The interpretations are made by the Security Police and the judicial system, but the bases of their interpretations have not been made public.

Also there has been no help forthcoming in the resolution of this problem now either. On the basis of what is known from statements made by the Security Police, the general objective has been to warn Finnish citizens associating with foreigners. One must suspect the danger of espionage behind friendly gestures. Anything suspicious should be reported to officials, but decisive information on how the line between espionage and normal human intercourse under present conditions is determined has still not been obtained.

Even though it has been known for a long time that the statutes on treason are deficient, governments and parliament have not taken the measures to correct this situation. No one denies the dangers inherent in state and commercial espionage, but we have had to wait for the inclusion of a contemporary definition of such activities in the legal texts. Apparently, a reform will be accomplished in connection with the complete reform of the criminal code.

There is an urgency to this matter. Already there is almost an unlimited amount of information being transmitted across borders in the world's data

bank networks. International trade would not be possible if the parties concerned were not able to openly exchange information on prices, descriptions, material, and so on.

The law is subject to excessive interpretation for the judicial system also. In the most recent spy trial, which has aroused considerable attention, the Supreme Court handed down its judgment after a vote, which does not reflect a clarity in the decisionmaking process. The spy had been give a sentence in the Court of Appeals, which now became a kind of "basic sentence". The Suprme Court increased the sentence while declaring that this was necessary "for preserving public obedience to the law".

If a judgment thus has some other purpose than the sentencing of a criminal for a crime, we have been forced into a crisis of reason. Then, indeed, the condemned individual will have to carry a greater burden on his shoulders than what his crimininal act would warrant. Even though obedience to the law would thus be preserved, what would happen to respect for the law.

The Supreme Court's influence and power as an instrument showing the way for the whole judicial system is undeniable. The policy line on which we have now embarked by emphasizing the overall power of intimidation contained in an individual judgment seems to be threatening from the point of view of the individual. An extensive and open debate must be conducted on this question.

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CSO: 3617/123

DEN UYL ON COALITION, CHANGES IN LABOR PARTY

Amsterdam ELSEVIERS MAGAZINE in Dutch 25 Feb 84 pp 12-15

[Report on interview with Joop den Uyl, PvdA party leader, by Frank Lafort: "The CDA Is Falling Apart Because of One Million Unemployed"; date and place not given; passages enclosed in slantlines, printed in italics]

[Text] The PvdA [Labor Party] is working on a reorientation, said J.M. den Uyl. "Our interest is directed toward entrepreneurs and workers in the private sector, as it was in the fifties." According to Den Uyl, the CDA [Christian Democratic Appeal] will not survive 1 million unemployed.

The PvdA is in the process of committing suicide in installments. Specifically, it does not know how to formulate a daring response to the central political and social problems. This is part of the reason why the social democrats lay themselves open to the suspicion that, for electoral reasons, they would be better off on the opposition benches. This criticism did not come from CDA parliamentary party leader B. de Vries, but was formulated by two scholars from Nijmegen in the January issue of *SOCIALISME EN DEMOCRATIE*, the monthly journal of the Wiardi Beckman Foundation, the scientific institute of the PvdA.

In spite of this internal criticism and the debate on the course to be followed, the social democrats roll high numbers in the public opinion polls. Even among the government parties in the Second Chamber the star of the PvdA is apparently rising steadily, because occasionally the VVD [People's Party for Freedom and Democracy] and the CDA publicly embrace the PvdA to form an ad hoc coalition. Ad hoc coalitions which occur by chance or are even deliberately wrought.

During the first debate on the mid-term memorandum the CDA sought and searches for support for a number of its wishes in the parliamentary party. Last week, for example, the CDA parliamentary party, with the help of the social democrats, piloted its own motion through the Second Chamber in which the government was required to work seriously on the redistribution of labor in government institutions. Coalition partner VVD voted against this resolution. From a liberal viewpoint, the motion was not opportune. As a matter of fact, last week Minister Rietkerk was still talking with the government personnel unions. Conversely, in recent weeks the imminent danger arose of the creation of a

monster union between the VVD and the PvdA concerning retrenchments in the social places of work, while during the mid-term debate the liberals also voted for the favor of the PvdA.

PvdA parliamentary party leader J.M. den Uyl himself does have an explanation for the increased interest from the government camp: "The VVD and the CDA are doing badly in the opinion polls. Even though the first signs of economic recovery are becoming visible, there is still the question of whether the two government parties will be able to hold their ground. However, the economic recovery, which is also seeping through in the Netherlands now, could easily be misused by this administration."

"Lubbers is already shouting that things are better for the Netherlands thanks to the policy of this administration. That is nonsense. Lubbers himself knows that very well. In the United States, the recovery of the economy started in late 1982. The fact that the number of unemployed is going down in the Netherlands is due to improved export opportunities. In fact, the world economy is on the road to recovery. This administration did not contribute anything to that however."

"Since the fall of 1983, with the actions taken by the civil servants, this VVD and CDA government has been pushed onto the defensive. This is why the CDA, with Lubbers as spokesman, is going on tour, and why the government fractions in the Second Chamber must distinguish themselves. The VVD started with this, to show that they are no longer the trailer of the CDA. And late last year the CDA tried to get rid of the image that the Christian democrats form a weak, somewhat fatuous club, which hobbles after the VVD. I expect that the VVD and the CDA will continue to portray themselves separately as long as there is little honor in identifying oneself with the government policy."

[Question] VVD parliamentary party leader Nijpels recently commented that the CDA had dropped seven banana peels on the path of the coalition. In short, the urge to distinguish themselves may not be without danger for the continued existence of this government coalition?

[Answer] The "banana peels" mentioned by Nijpels in a newspaper interview were a defensive action. A reaction to an attempt by the CDA to distinguish itself. What is much more important for the continued existence of this coalition is the question of whether they can change the failing government policy for the economic recovery of the Netherlands. The preliminary figures from the Central Planning Bureau [CPB] have caused dismay in the ranks of the VVD and the CDA. The CPB figures show that the implementation of the current government agreement has catastrophic consequences for national housekeeping: increasing unemployment, greater capital export but no recovery of the Dutch economy. Lubbers is sensitive to economic cycles and I expect that he will tilt government policy more toward the PvdA. That is already noticeable: the CDA is going to pay more attention to a reduction of working hours. I expect that the administration will go under on this issue.

A major potential source of conflict is the doubt within the government coalition as to whether retrenchment exercises, as set down last year, on civil servant salaries and social benefit payments can be repeated this year. The VVD will, partly because of insight and partly because of ideology, continue to stick to the course set in the government agreement. In the CDA, on the other hand, there is doubt as to whether it will survive a government policy which leads to a million unemployed. They are becoming uncertain about that.

[Question] In your opinion, can the CDA, as party, live with a million unemployed?

[Answer] No. The CDA will fall apart because of that. The composition of the rank and file of the CDA is different from that of the VVD. The CDA rank and file includes low income people and workers with little education, who have now been handed over defencelessly to the labor market. Partly because the church does not have an answer to the nuclear problems of modern society, every perspective which claims to be evangelically inspired, is lost for the CDA.

My position is that the VVD, as a party, can survive high unemployment figures, but that the CDA cannot. Or: the CDA should choose a policy favored by CDA member of parliament Mateman. A Christian democrat who at least dares to come out for his own ideas. But a Mateman type CDA would be better off merging with the VVD. It is that simple. CDA parliamentary party leader De Vries let it be known earlier that in his opinion the government agreement should be reworked again. Reworked is another word for breaking open. Look, De Vries personally feels that the current government policy is unsound.

[Question] CDA parliamentary party leader De Vries does not exclude a government crisis with regard to the deployment of a number of new cruise missiles. Do you share that opinion?

[Answer] Yes. The Christian democrats know that their own rank and file are very divided on this issue: 50 percent are in favor and 50 percent are against. Hence, a positive or negative decision on deployment could have a catastrophic impact on the CDA. Thus, the possibility of a break really does exist. In this context, I have noticed that Lubbers is trying -- sometimes like a virtuoso and sometimes transparently -- to avoid a break with a hundred and one formulas. At one moment, according to him, a decision must be made and the next moment it is not all that necessary to do so. In a third option, Lubbers sees possibilities for postponement anyhow. /If I listen closely to Lubbers, then I don't completely exclude a postponement of the deployment decision./ As a matter of fact, anyone who reads LE MONDE's interview with Lubbers sees that a possible decision could be susceptible to numerous explanations. In short: Lubbers twists himself in all kinds of girations in order to package a possible positive deployment decision in such a way that it really is not a positive decision.

[Question] According to VVD parliamentary party leader Nijpels, if the administration does not make a positive deployment decision there will be a government crisis.

[Answer] That remains to be seen. The VVD is not very clear on this issue either. At one moment tough language resounds within the ranks, the next moment you notice that there are hesitations. It is a question of the packaging of the government decision. The number of nuclear tasks of the Netherlands within NATO also plays a role here. Two of those nuclear tasks, the nuclear mines and the Nike missiles, are becoming superfluous for technical reasons. The real problem however lies in the short range weapons. I don't believe that the administration has come up with concrete proposals to reject tasks also in this area. Specifically, there is no salvation for the administration in a positive deployment decision which would be covered up this way.

[Question] It is De Vries' opinion that with its current position the PvdA is condemning itself to the opposition. Is this a serious reproach?

[Answer] That is a cheap rumor. The facts contradict it. At least 90 percent of all the retrenchment measures taken by the hapless second Van Agt administration were due to the PvdA ministers. I myself stuck out my neck with the proposal to raise the rate of the health insurance benefit payments. The country stood on its head because of that. To portray things as if the PvdA doesn't dare to stick out its neck is wrong, even unworthy.

[Question] De Vries goes even a step further. According to him, the PvdA -- witness the fate of the second Van Agt administration -- would be falling apart because of internal tensions as soon as the social democrats participate in a government which needs to retrench.

[Answer] Sheer nonsense. The first retrenchment operation was started by the Den Uyl administration with Duisenberg's 1 percent operation which reduced the financing deficit. In spite of the serious internal discussions, this government policy produced a formidable electoral victory for the PvdA. Even during the second Van Agt administration the PvdA did not tear apart or collapse because of internal tensions. This administration fell because the majority of the CDA and later the D'66 [Democrats '66] distanced themselves from the so-called Good Friday agreement.*

Even though this agreement included painful elements for the social democrats, the PvdA government officials and the PvdA parliamentary party supported it 100 percent. As a matter of fact, it is not in the nature of the PvdA to run away from difficulties. During the Korean war and in 1956, for example, the social democrats implemented the spending limitation; we took Duisenberg's 1 percent operation for our account and in 1982 we accepted the Good Friday agreement.

[Question] De Vries does not exclude the possibility in time of a new coalition with the PvdA, provided that the realistic tendency within the PvdA becomes stronger.

* In the early morning of 9 April 1982, the second Van Agt administration achieved a preliminary agreement on the question of what the Spring Memorandum would look like in broad outline.

[Answer] It is as if the record of former KVP [Catholic People's Party] parliamentary party leader Norbert Schmelzer has been put on again. I have never heard anything different from the KVP, and now then from the CDA. They argue that it would be easy to work with the right wing of the PvdA because those people are so nice. To that I would say: no. There is the PvdA and I am not in favor of that. The political functioning of the PvdA stands and falls with the fact that the social democrats are the representatives of the mass of the manual laborers. The PvdA can and must never abandon that large group of the population which is among the least educated and the lowest paid.

[Question] And yet, precisely "the mass of manual laborers" has turned its back on the PvdA as a party organization, as indicated by the Wiarda Beckman Foundation report "Democracy in Difficulties." According to this report, the framework of the PvdA is put together far too one-sidedly and is primarily composed of the newly freed and intellectuals of the quaternary sector.

[Answer] I certainly would not object to more workers from the private business world being members of the party council. That is also true for the party leadership. It is a fact that today the PvdA shows a somewhat greater similarity again with the social democracy of the fifties.

[Question] Is the PvdA in the process of reorientation?

[Answer] Yes. As a large people's party you see that during this period countless entrepreneurs have been made to suffer and that countless entrepreneurs are still gasping for breath. Then a large people's party naturally exhibits greater interest for the unions and the entrepreneurs. This interest does not include only the entrepreneurs of medium and small sized enterprises, but also the employers' organizations. In this way we have regular contacts with the board of directors of Philips.

[Question] Now that we are talking about the reorientation of the PvdA: the party is not able to formulate a daring response to central political and social problems. This was noted by the two scholars from Nijmegen, Frissen and Metselaar, in the January issue of SOCIALISME EN DEMOCRATIE. Is this a serious reproach?

[Answer] Today criticism is being expressed by a number of PvdA members which forms as it were the counterpart to the thoughts of the New Left in the sixties. From this it may be observed that the PvdA, at least in writing, has a right wing that can defend itself.

[Question] A right wing that can defend itself, which favors a PvdA in the center of the political field of power?

[Answer] The PvdA has never shown any interest in a position in the middle. But it has shown interest in a realistic program. If we compare with 15 years ago: at that time the left wing of the PvdA was on the offensive; in the year 1984 it is the ideas of the right wing which are given room.

[Question] Why is the right wing given room today in the PvdA? Does it have anything to do with what in social democratic circles is called "the turning to the right of Dutch society"?

[Answer] That is a somewhat simplistic explanation. And yet it definitely does have something to do with it. However, I prefer to use that term in a different form. Specifically, the welfare state has not been able to prevent unemployment from rising substantially. This justifies the question of whether the means which the welfare state could have at its disposal were misused. Another question is whether the main cause is to be found in a defective functioning of the international order. In short: we are not concerned only with a crisis of capitalism. There is also a crisis of the welfare state and hence also of the social democratic views about how to deal with the welfare state.

[Question] According to the two scholars from Nijmegen and the Rotterdam professor in economics, Wolfson, himself a prominent social democrat, the PvdA must rapidly distance itself from its tendency toward paternalism, moralism and the romantic views about how society can be guided and built.

[Answer] I always become somewhat disgruntled when I hear stories like that. Look at the distribution of property and capital in our society. Hardly anything has changed favorably. Look at what is being inherited annually, after deduction of inheritance taxes. The separation between people with property and those without property has been maintained, even increased through the hike in interest rates. Then my hands itch. But I cannot do everything at once.

[Question] Wolfson sees possibilities in the short term for the formation of a PvdA/VVD coalition. Do you see those possibilities also?

[Answer] Professor Wolfson is among the many people within the PvdA who, for varying reasons, do see something in possible cooperation between the VVD and the PvdA. And they produce arguments to support this. We all know that when it comes to respect for individuality, for privacy, and for maintenance of the constitutional state, social democracy and liberalism overlap. There are also historic roots which go back to the last century. In discussions about our political system, for example, I have always had little difficulty with the liberal input. During the Den Uyl administration we even had a liberal adviser for constitutional change, Professor Simons. On these points there is rather substantial unanimity, but it does end there.

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CONSERVATIVE PARTY CONGRESS EXPECTED TO ADVANCE KACI FIVE

Oslo AFTENPOSTEN in Norwegian 7 Mar 84 p 5

[Article by Terje Svabo: "Conservatives Put Their Cards on the Table: Kaci Five to Rise to the Top?"]

[Text] Jo Benkow and Hakon Randal have withdrawn from the race. Kaci Kullmann Five and Per-Kristian Foss are up for reelection. Wenche Frogn Sellaeg is still undecided. This is how things stand immediately prior to today's meeting of the Conservatives' election committee, where the main topic of discussion will involve the filling of the five positions on the working committee.

It is obvious that Erling Norvik will be made new chairman, and that Arne Skauge continues to be the strongest candidate for the new position in the three-man chairmanship. But Kaci Kullmann Five will be nominated for reelection as first vice-chairman.

After the dramatic events of several weeks ago, it became clear that at their national convention in August the Conservatives would be electing both a new chairman to replace Jo Benkow and a new vice-chairman to replace Hakon Randal. Erling Norvik is the obvious choice for the new chairman, but there is some doubt in the election committee as to who should be the successor to Randal.

Arne Skauge, MP for Hordaland, is one of several candidates for this office. There is likewise strong campaigning going on for the current second vice-chairman, Kaci Kullmann Five, to rise to the top. This is not considered a particularly big issue among the Conservatives, but there are many in the party who consider it only right that if a second vice-chairman has done a good job, he or she ought to be promoted when space becomes available.

According to AFTENPOSTEN's sources, Kaci Kullmann Five will be nominated as the new first vice-chairman. The question then remains as to whether Arne Skauge and his supporters will accept the position of second vice-chairman, or whether they will campaign for the position next to the chairman's.

The conservatives are also discussing alternative candidates to Arne Skauge for the available vice-chairman's seat. One name which is often mentioned is Anders Taleraas, MP for More and Romsdal.

By the time of the national convention, Per-Kristian Foss will have served for six years as a member of the party's working committee. He decided at one point to retire from the position, but after being encouraged by a number of friends and after the change in chairmen, it is apparent that Foss is willing to keep the position for another term. Foss has first and foremost characterized himself as the idea innovator in the Conservatives' working committee.

9584

CSO: 9584

MINISTER TO WEIGH TRAVEL RESTRICTIONS FOR EAST BLOC DIPLOMATS

Oslo AFTENPOSTEN in Norwegian 8 Mar 84 p 3

[Article by Thorleif Andreassen: "Restrictions for the Russians?"]

[Excerpt] The government is going to evaluate the introduction of travel restrictions for Russian diplomats in Norway. This was announced by Foreign Minister Sverre Strøm during question hour in the Storting yesterday. The reason behind the reevaluation of this policy is that counterintelligence officials have recommended restrictions of this kind.

The Foreign Minister, answering a question from Jens Marcussen (Progressive Party), explained that the Vienna Accords permit the imposition of such regulations on diplomats from nations which have themselves introduced similar restrictions. The only nation which imposes restrictions on the freedom of movement of Norwegian diplomats is the Soviet Union. It is, therefore, only embassy personnel from the Soviet Union who may possibly be subject to such restrictions in the future, Strøm announced.

A majority of the NATO member nations have introduced similar restrictions on Soviet diplomats, in response to restrictions imposed by the Soviets. Currently, Russian military attaches in Norway must notify the Norwegian authorities whenever they wish to leave the Oslo area.

9584
CSO: 3639/88

ARMERO ON CHANGES ACCOMPANYING 'ENTRY INTO EUROPE'

Madrid DIARIO 16 in Spanish 20 Mar 84 p 2

[Commentary by lawyer Jose Mario Armero, the president of Europa Press:
"Domestic Commitments and Foreign Policy"]

[Text] In a democratic system domestic and foreign policy should be in keeping with one another and form a harmonious whole. The author of this article develops this thesis and publicly states the adjustments that will have to be made in Socialist ideological positions as soon as Spain becomes a member of the European Community, adjustments that are not in contradiction with PSOE [Spanish Socialist Workers Party] ideology.

It is not impossible that the negotiations that are to lead to Spain's membership in the European Economic Community will be concluded in 1984, and perhaps during the term of the French presidency. There are a number of factors which, properly combined, could turn something that is fundamental and desired by most Spaniards into a reality, for, while important, Francois Mitterrand's words are not enough, nor is everything that was said in Rambouillet either. And if it were, if we knew how to potentially deal with those two factors, many things would have to change here among us. For example, our present foreign policy and our way of life, including its intimate aspects, because our daily habits would be affected. They will be changes produced not because of any obligations contracted for, but because of the very dynamics of the new situation.

Tables of Decision

In foreign policy Spain will be seated at tables of decision at which it never was before and our identification with Europe will have to be total; we will have to modify our attitudes toward problems in which the continent is immersed and which up until now affected us in a rather remote way. In the case of our claim to regain possession of Gibraltar England will have to change its attitude, since the Rock is an important point in the European defense system, and it will have to accept the fact that naval forces whose mission is to keep watch over and check on the Straits of Gibraltar may be commanded by a Spaniard. That could be the first step toward a solution to the long historical dispute we have had with London.

With respect to NATO, Spain will have to readjust some of its points of view and once and for all define its position. The "NATO Without Bases" policy, which was the title of an article I published some time ago, does not place the Socialist government under any pressure, nor does it contradict its election platform. It is obvious that, when Spain is integrated into Europe, it must contribute something to the latter's defense. It is not the same thing to deal with this matter from the fringe of the community as it is from the standpoint of our incorporation into it. And as long as Europe does not rely on other provisions for defense aside from NATO, Europeans will have to contribute to maintain it, which means defending its plans for creating a free and independent supranational community.

However, Spain's contribution should not, nor does it have to, be taken to be either through the admission of bases on our territory or through the admission of devices equipped with nuclear weapons. There seems to be a common feeling among the public as regards the fact that the stationing of nuclear weapons on our soil is not going to be any guarantee for our defense, whether such weapons should come to us via NATO or whether they come from the United States. It seems to be clear that the denuclearization of arms is a wish shared by everyone. Therefore, Spain should sign the Nonproliferation of Nuclear Weapons Agreement as a guarantee that our present installations continue to be used in future for exclusively peaceful purposes. The signing of this agreement is becoming more and more necessary and it would fit in perfectly with the Socialist government's foreign policy.

As a revision of our agreements with the United States would also fit in with it. Our friendship with Washington should not diminish under any government. It would be a grave error if our alliance were to be disrupted because of a simplification of our view of our defense system. We must maintain defense agreements with the United States, although while leaving the bases installed on our territory under absolute Spanish control and with a ban on the stationing of Euromissiles within our borders. This is not in contradiction with the Socialist platform either.

Referendum

The party that is today in power outlined a platform when it was in the opposition that many now want to be used as a pitfall to keep the government from going beyond what a group of purists, some of whom are Socialists and others of whom are not, feel would be a betrayal of the people who voted for them or their platform. And this is something that Felipe Gonzalez' men have to avoid.

If Spain remains in NATO, even if only on the fringe of its military structure, there will be no need for calling for a referendum, since the most negative aspects of membership in the Atlantic Alliance would be excluded. It is the government that must decide whether the commitment to the people that voted it into power went so far as to leave Spain with one foot inside and the other outside of our continent. The temptation to succumb to purist attitudes, much stimulated by interests to the Left of the Socialist Party, may be strong, but we must realize that Spain has to play the role befitting it in the European defense system without for all that renouncing the guarantees that we will not run unnecessary risks, risks which the population rejects.

We can stay in NATO in terms of a philosophy that is not in contradiction with that of Spanish socialism. I believe that, with the exception of Turkey, all the European nations that are part of the alliance have had socialist governments affiliated with the International of the Left and all of them have contributed to the Western defense system as determined by their interests. True, the dates these nations joined are now a bit remote, as well as the historical circumstances that dictated such a decision. But it is also true that they are countries which are now aware that that contribution in differing degree within NATO has served to keep their borders with the East-bloc countries unchanged since the Washington Treaty was signed. And while this line of reasoning seems to be cold-war in nature, it is indisputable that, when a reduction in force occurs in a large area in the world, a force under a different banner immediately takes its place.

Domestic-Foreign

In a democratic system domestic policy and foreign policy stand in an intimate relation to one another. This is not the case in dictatorships, in which the "statesman" can perfectly well set them in opposition to one another by virtue of his omnipotent resources. In a democracy, however, the domestic-foreign relationship cannot be divided. And in the case we are concerned with — NATO — there is no division between the obvious need for integrating ourselves into a jointly liable defense system and a government platform.

As we know, realism is a great virtue. We must bear in mind that the Machiavellian or, closer to us, the 19th century state is dead. The concept of sovereignty has very substantially changed in favor of blocs and superpowers. The Iberian Peninsula is a basic objective in the defense of the Western world. And Spain cannot fail to choose. In the hypothetical case of a conventional war as well, NATO needs Spain because geographically it constitutes the base from which it can launch an offensive against attacking forces.

11,466

CSO: 3548/219

INTERVIEW WITH GENERALITAT PRESIDENT PUJOL

Madrid DIARIO 16 in Spanish 20 Mar 84 p 8

[Interview with Generalitat president Pujo by Ferran Monegal, in Barcelona on 19 March]

[Excerpts] Barcelona—Saint Joseph's Day, 1000 hours. Barcelona was awakening on the first real day of spring of the year. The home of president Jordi Pujol. The house exuded the carefree atmosphere of the feast day. His wife, Marta, prepared coffee and little cakes for us, offering it in a Pickman coffee service from the Carthusian monastery in Seville.

[Question] Mr president, you said yesterday: "let 4 years pass like this." The 4 years have passed. It is the hour of reckoning, time for evaluating relations between the Generalitat and the central government.

[Answer] The Generalitat's objective has always been to maintain good relations with the central government and we have always tried to do that. But there have been different periods. Before the 23-F relations were easier, more fluid. Then we entered a period that culminated with the LOAPA [expansion unknown], a period in which the UCD [Democratic Center Union] and the PSOE [Spanish Socialist Workers Party] by mutual agreement very clearly tried to get involved. Starting with that period, relations have really been much more difficult. But since the judgment handed down by the Constitutional Tribunal, we have been working to create a change of climate.

[Question] Which has not taken place.

[Answer] In a sense, yes. There has been a change. There has been an easier relationship. And I'm glad that the president as well recently affirmed that the kind of relations he has had with the Generalitat have been positive.

[Question] Nevertheless, members of his political entourage are even now denouncing government attempts to erode the power of the autonomous governments.

[Answer] This is what we are afraid of, that the government's policy with regard to autonomy continues to be one of erosion of power. Despite the LOAPA ruling. We have good reason to continue to fear this.

[Question] Perhaps this is why one Catalan politician has asserted that his effort was more one of administration than of consolidation.

[Answer] Well, I believe just the opposite. We have concluded a very stable legislative session. We have always kept the door open to Madrid. An autonomous administration that did not exist before has been erected and, what is more, it has been functioning. We ended the session without a deficit. Co-existence in Catalonia is very good and the Catalan Parliament has fully recognized the fact. All this clearly indicates autonomous consolidation.

[Question] Do you sincerely believe that you have been president to all Catalonians?

[Answer] We have maintained a policy open to the entire region. We have been present in both the wards of Badalona and the mountain districts, at both sporting and high cultural events.

Deficit

[Question] A report was recently published, alerting us to the deficit the autonomous governments are generating. In it a figure of 30 billion was cited, a proliferation of high expenditures, duplicity....

✓ [Answer] All I can say to you is that in catalonia we are going to conclude the legislative session without a deficit.

[Question] The Popular Group candidate has charged that there is a deficit. A hundred billion in the Generalitat.

[Answer] If you don't mind, I'll speak of that later. We are going to have a legislature without a deficit, I repeat. And this is the only thing I can vouch for. The central government deficit is another matter. It is enormous; it's 10 times higher than that figure, but it's not because of the autonomous governments, rather for other reasons.

Duplicity and too much bureaucracy are the causes, because the Madrid government resists reducing the bureaucracy in the central administration, where we must drastically reduce the number of officials. It does so for a very simple reason: If 80 percent of an administrative jurisdiction is transferred, 80 percent of the officials should also be transferred. And this is what does not happen; they always transfer less officials than they should. It is surprising that at the present time the central administration is increasing its staff and expanding some of its ministries, whereas actually, according to the acts of autonomy, these ministries should be very much relieved of content.

[Question] In connection with this, I would like to remind you that it took 3 billion pesetas to initiate the Autonomous Catalan Police. Wouldn't it have been much cheaper to have jurisdiction over the State Security Forces?

[Answer] We requested that. We requested it of Rosaon and he appeared to be quite in favor of it. Then Madrid policy was complicated by the UCD [Democratic

Center Union] situation. After the elections we spoke with Barrionuevo. He did not appear to be against the idea, but it doesn't seem possible to implement it at this point. Therefore, applying the autonomy act to the letter, we have to proceed to the creation of an autonomous police force and through that agency — even though it may be small — be able to participate in the coordination of local police forces, which is within the jurisdiction of the Generalitat. At any rate, I sincerely believe that in time we will have to seriously consider the proposal that the State Security Forces be subordinated to the autonomous communities, a solution which, moreover, is already in operation in other countries like, for example, Germany.

Deficit

[Question] If you don't mind, let's tackle the issue we put off discussing: the 100-billion deficit there seems to be in the Generalitat.

[Answer] Once we have collected the entire debt the central administration owes us, we will be no more indebted than the amount voted in the Catalanian Parliament.

[Question] Could you be more specific?

[Answer] On 16 November 1983 an agreement was signed between the Generalitat and the Insalud in which a debt of 32 billion pesetas was acknowledged for some finishing touches, which may mean several billion more. Furthermore, in early February the government acknowledged a debt of 39 billion to Catalonia. Once we have collected these sums, there will be no deficit. There will be the public debt of the Generalitat, whose debt capacity has been acknowledged to be 46 billion, of which amount I have drawn on only 36,000 plus several debt credits or adjustments incurred by autonomous government agencies which altogether may amount to 10 or 12 billion more. There is no more than that.

[Question] Mr president, autonomy is being transformed into a lady everyone seems to love, but whose manner of dressing no one likes. As you see it, how will it finally crystallize? A federal government, a confederation? What is the ideal form for the autonomous governments?

[Answer] I believe that that is defined in the Constitution and the acts of autonomy.

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CSO: 3548/219

STOCKHOLM KURDS REACT TO DIYARBAKIR DEATHS

Stockholm DAGENS NYHETER in Swedish 8 Mar 84 p 18

[Article by Bjorn Lofstrom: "Kurds in Stockholm at Memorial Ceremony: Still More Victims Tortured to Death"]

[Excerpt] Another two Kurdish politicians were tortured to death in Diyarbakir Prison in eastern Turkey, where for 55 days Kurdish members of the opposition have gone on a hunger strike to improve conditions for the prisoners.

This January seven Kurds died after being tortured in the notorious military prison, among them the well-known leader of the opposition, Necmettin Buyukkaya, who was seized by the military in 1982 after he returned to Turkey from Sweden.

According to Kurds in Stockholm, who held a memorial service for Buyukkaya on Wednesday, two other Kurdish members of the opposition died the first week of February after having been tortured in prison. They were reported to be Sakine Cansiz and Cemil Ark, and they belonged to the PKK, the Kurdish Labor Party. The party is one of many and split Kurdish opposition groups whose goal is a free Kurdistan. The Kurds are a people of nearly 20 million spread throughout Turkey, Iran, Iraq, and Syria. They are victims of severe persecution in those countries because of their desire to be allowed to form their own state in the area which is now shared by the four countries. The Kurds maintain that persecution has been harshest in Turkey, especially after the military takeover in 1980.

Difficult Conditions

A majority of the estimated 5,000 political prisoners in Diyarbakir Prison are Kurdish Nationalists who live under very difficult conditions. In January some 40 prisoners went on a hunger strike in order, among other things, to put an end to the torture, get more hygienic living conditions, have access to newspapers, and to be able to see their relatives more often.

Last Tuesday, relatives announced that 43 hunger strikers had died. The rest have been for a while at the military hospital to which they were transferred from Diyarbakir Prison. Many of them are in critical condition after having refused food for 55 days, reports Mehmet Uzun, a Kurdish journalist in Stockholm. He has three cousins in Diyarbakir Prison. One of them, formerly

president of a forbidden Kurdish youth organization, is taking part in the hunger strike.

"They are going to continue fasting until their demands are met, even if it costs them their lives," says Uzun, who keeps in touch with his relatives in the area each week by phone.

"It is difficult to find out exactly what is happening, because the hunger strikers are kept in isolation. It is also hard to get through to the other prisoners who are still in the prison," he says.

Amnesty

In January the military assured a Kurd leader that conditions would improve and that the torture "had occurred by mistake in exceptional cases."

But the promises of the military have not been fulfilled, says Mehmet Uzun, and therefore the hunger strike continues.

"The hunger strikers have heard of Buyukkayas death by now, and so they are even more determined to hold out," he believes.

Even relatives of the prisoners in Diyarbakir have tried to put pressure on the military to cease the torture and provide the inmates with humane living conditions; but all to no avail, according to Mehmet Uzun.

There has also been a renewed protest movement among the Turks who oppose the military regime to improve conditions for the political prisoners in the country's 180 prisons.

According to Ayse Bakir, a resident of Stockholm whose husband is imprisoned in Ankara accused of opposition to the military government, the 2,500 political prisoners in the military prison Mamak, in the outskirts of Ankara, have been on a hunger strike since 22 February. Before they will end the strike they demand, among other things, that the torture cease and that they be allowed to wear civilian clothing in the prison.

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CSO: 3650/146

OZAL ON CAMPAIGN TRAIL FOR LOCAL ELECTIONS

Istanbul TERCUMAN in Turkish 7 Mar 84 pp 1,10

[Text] Prime Minister Turgut Ozal who is also Chairman General of the Motherland Party has completed a campaign tour of Eastern and Southeastern Anatolia. At the end of this tour which preceded the regional elections of 25 March Ozal said: "The government has not been weakened vis-a-vis the citizen. On the contrary, it has become stronger."

At Yesilkoy Airport, Ozal left unanswered several questions asked by journalists. When reminded of a statement by Nationalist Democratic Party Chairman General Sunalp alleging that "13 parliamentarians within the party in power are communists"; Ozal responded that he had nothing to say concerning the matter.

Ozal provided an assessment of his Eastern and Southeastern tour during his flight and said: "I can say the following as a general assessment: During this trip I saw a degree of excitement similar to the one that characterized the general elections. Interest towards us is greater than in the past. Perhaps the fact that we are now the ruling party is helping to bring this about. The citizen now believes that we alone can resolve some of the problems with which he or she is confronted. The citizen is aware of the fact that the government is working at a rapid tempo. At this time, 20 days remain before the elections and a great deal can take place in 20 days. Nevertheless I would like to predict that we will carry the municipal and parliamentary elections with a significant majority."

Ozal maintained that the government had begun to utilize the powers vested into it for the purpose of bringing about the development of Eastern and Southeastern Anatolia and said the following: "We have already begun to utilize many of the powers that have been vested into us for the purpose of bringing about the development of Eastern and Southeastern Anatolia. We will address certain other matters following the elections. We will determine the

provinces that will be affected by these programs and define the degree to which they will be affected. If necessary, we will even move in the direction of budgetary changes. We will attach particular importance to the matter of irrigation in the East and the Southeast. Following the regional elections, we will provide new direction to border trade. The development of border trade could result in significant progress within these regions. It is possible to bring about the evolution of certain fields within this region for the purpose of conducting border trade."

Turgut Ozal also responded to a question concerning an eventual shortening of the period of compulsory military service. He said: "At this time, we are not working on such a project. Should conditions warrant it in the future, the matter of military service based on the payment of an individual exemption tax may also be considered. Our country's manpower needs, commitments and the requirements of national defense would be taken into consideration in connection with this matter." Ozal also announced that a project for the purpose of providing amnesty to government employees charged with disciplinary offenses was under study. He said: "Our colleagues' work in connection with this project will be ready for consideration following the elections."

Stating that the Law on Government Employees is to be reviewed from a standpoint of salaries and social rights, Ozal said: "Within this new period we are going to review the entire system and place it within the context of a larger system that would provide the largest possible increase in productivity." Turgut Ozal also reaffirmed that the government had shouldered a heavy burden in connection with education and said: "The government has shouldered a heavy burden in connection with education. As society advances and the nation progresses a degree of liberalization must be introduced in certain areas. Consequently, the matter of private schools must be addressed. If this option were to become available, the government's burden would be lessened to some extent and the government would be able to pay closer attention to some of its currently existing institutions."

Turgut Ozal also visited the Kecioren Party Organization and spoke to citizens assembled at that location. Ozal stated that he had already delivered on a large number of his campaign promises and said: "The Motherland Party has promised those things which it is able to achieve. Moreover, it has already delivered on almost all of its promises. We had said that we would strengthen the middle class and have enacted many laws towards this purpose. We had also promised that we would refund the deductions involving the government Employees Mutual Aid Society. We have now completed arrangements to pay the first installment of these refunds

within the month of March. We have also enacted a law providing for a tax refund to government employees, workers and wage earners. By saving your receipts you will be able to receive your refunds."

9491
CSO: 3554/182

FRG'S GENSCHER HOLDS WIDE-RANGING ANKARA TALKS

Istanbul TERCUMAN in Turkish 7 Mar 84 pp 1,10

[Text] Ankara. West German Foreign Minister Hans Dietrich Genscher arrived yesterday in Ankara by special aircraft. Yesterday afternoon, Genscher and Turkish Foreign Minister Halefoglu met for private talks which lasted approximately two hours. During the meeting Genscher said: "Turkey's image in Europe is constantly improving. I have come to Turkey without feeling any reservations. Turkey has returned to democracy and held its elections. I am pleased to be in Turkey within such a framework."

Prime Minister Ozal and FRG Foreign Minister Genscher met yesterday for dinner. A high ranking official has stated that the focal point of this discussion centered on the revitalization of relations between Turkey and the EEC as well as the free movement of Turkish workers in Europe. The same official also indicated that Ozal had asked for Germany's intervention to bring about a convening of the Council on Turkish Partnership with the EEC. The official stated that the issue of free movement is one that should be resolved within the EEC and said: "We want the talks on free movement to begin in July. The partnership council should meet and bring a solution to these problems. According to reliable sources, Turkey will not concede over the issue of free movement but may agree to the postponement of this issue if a balance can be reached in discussions concerning other bi-lateral issues."

The discussions between the two delegations respectively headed by Foreign Minister Vahit Halefoglu and West German Foreign Minister Genscher were held yesterday over a luncheon hosted by Halefoglu at the state guesthouse. During the talks which lasted about an hour Genscher first addressed Turkey's role in the Middle East. Genscher emphasized the importance that is attached to Turkey by Islamic nations and stated that Turkey could play a significant role in the issues affecting the Middle East and

Islamic nations. As an example, Genscher cited President Kenan Evren's election as permanent chairman of the Islamic Conference Economic and Commercial Cooperation Commission. Genscher voiced West Germany's continued concern over the war between Iran and Irak and asked Halefoglu to comment on Turkey's views on this conflict as well as developments in Lebanon.

In response, Foreign Minister Halefoglu voiced Turkey's concern over the continuation of the war between Iran and Irak and the consequent loss of life. Halefoglu said that Turkey stood ready to do whatever it could to bring an end to this war but that the situation was not yet at a point conducive to mediation. Halefoglu also provided an assessment of developments in Lebanon and stated that Turkey supported the notion that all parties in Lebanon should undertake a process of national reconciliation. Halefoglu said that Turkey would support all developments in this direction.

Genscher and Halefoglu later met privately for about two hours. During the meeting, Genscher maintained that West Germany's outlook towards Turkey was different from that of other European countries. Genscher said: "The relations between the two countries are extremely positive. We believe that these positive relations will contribute to the resolution of certain problems in the economic and military fields." Genscher also added that Turkey's image in European nations had recently benefited from an improvement.

During the talks, Halefoglu spoke about the economic measures adopted by the Ozal government and commented on developments that are anticipated as the outcome of these measures. Halefoglu also indicated that economic cooperation between the two countries could be made more extensive. Halefoglu pointed out that the two countries could undertake joint investments in third countries and solicited favorable proposals from German companies in the context of collaboration in connection with investments to be made in Turkey. Halefoglu also expressed the belief that the two countries must collaborate more closely in the field of national defense. The Foreign Minister also alluded to the matter of visa regulations existing between the two countries and called for an initial simplification and the ultimate elimination of these regulations. Halefoglu also discussed developments in Cyprus and Turkey's views pertaining to relations between Turkey and Greece.

9491

CSO: 3554/182

BORDER GUARD GETTING HEAVIER VESSEL, SONAR FOR SUB DEFENSE

Helsinki HELSINGIN SANOMAT in Finnish 22 Mar 84 p 7

[Article: "Border Guard Improving Submarine Surveillance"]

[Text] The Border Guard is procuring its fifth outer patrol boat and a heavy coast-guard cutter, which will also be equipped with underwater surveillance equipment.

In addition, a decision is expected on aircraft and helicopter procurements after the committee studying this issue has submitted an extensive report to the Interior Ministry.

The Border Guard celebrated its 65th anniversary on Wednesday. A parade was held at the Southeast Finland Border Guard Station in Imatra. Interior Minister Matti Luttinen (Social Democrat) also participated in these anniversary celebrations.

The procurement authority for two new vessels has been included in this year's budget, and the purchases are scheduled for 1984--86. The heavy coast-guard cutter will be the first of its type in our country. According to Major Kari Saksela, information chief of the Border Guard Staff, it is still on the drawing boards.

The new coast-guard cutter will be christened in 1986. The appropriations allocated for it are around 60 million markkaa.

According to Lieutenant General Ilmari Kirjavainen, chief of the Border Guard, the actual orders have not yet been submitted. When an agreement is reached on the construction schedule, the domestic shipyards will receive an invitation to present bids in the normal manner.

Underwater Sonar

The Interior Ministry authorized the Border Guard to procure a sonar system for the heavy coast-guard cutter for the purpose of improving underwater surveillance capabilities. Its price will be a little less than 12 million markkaa.

The sonar system will be manufactured in France and the equipment for towing and lowering it into the water will be manufactured in Canada. Corresponding systems will not be manufactured in Finland.

The heavy coast-guard cutter is being designed and planned in cooperation with the Finnish Navy. The vessel is intended for the needs of the Border Guard as well as the Navy.

The other vessel to be procured, the fifth such patrol boat, will be similar to the four previous vessels in its basic structure. The newest of them is the outer patrol boat Turva, which is already 10 years old. These vessels must be able to travel through ice and perform surveillance functions even in the winter.

Appropriations amounting to approximately 30 million markkaa have been set aside for this new outer patrol boat.

All Equipment Will Be Renewed

Lieutenant General Kirjavainen stated on Wednesday that, in fact, all the equipment of the Border Guard will have to be renewed.

The Border Guard's nine Koskela-class vessels will become obsolete by the end of this decade. According to Information Chief Saksela, the Border Guard already has plans for replacing them.

"The objective is to replace the Koskela-class with five Lokki-class light vessels and five heavy coast-guard cutters. At this time we have one prototype of a Lokki-class ship operating in the Gulf of Finland and plans for a second ship have already been initiated."

Air Surveillance Will Be Improved

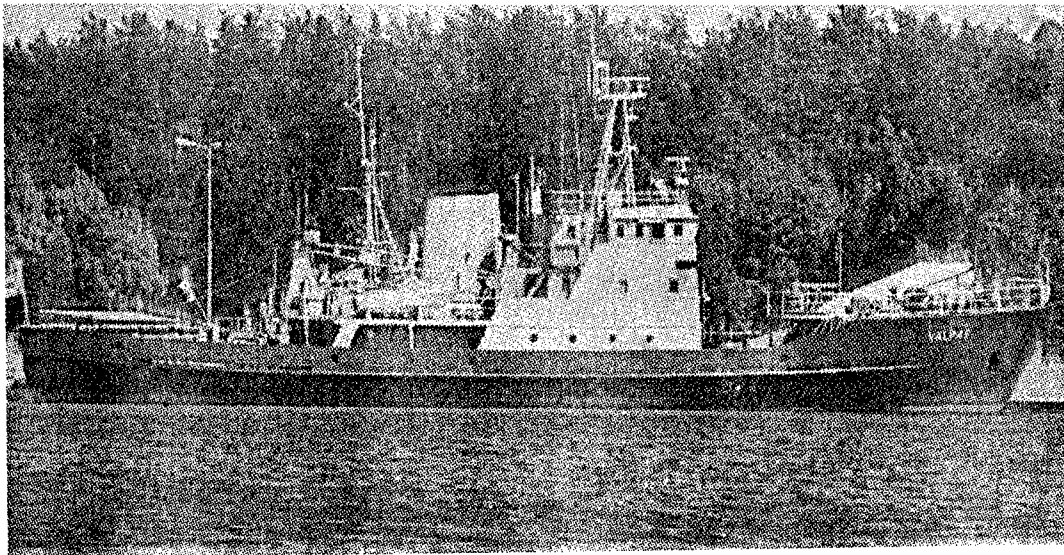
Also aircraft and helicopter procurements are timely. A committee appointed by the Interior Ministry last year has been given the task of determining the needs of the Border Guard for aircraft and related equipment.

The committee has completed its report and will submit its proposal to the Interior Ministry by the end of March. The proposal contains recommendations for the procurement of sea rescue helicopters, among other things.

Luttinen Hopes for More Personnel

Interior Minister Matti Luttinen, who spoke at Imatra, praised the Border Guard for its conscientious surveillance work. He mentioned an increase in personnel as a condition for accomplishing many tasks, above all, sea rescue.

Luttinen considered it essential in the procurement of ships, aircraft, and helicopters that such procurements be managed in a way that they would be expedient from the point of view of the needs of the Border Guard and be as economically beneficial as possible to the state.



The Coast Guard will procure its fifth outer patrol boat by 1986. The four previous vessels are Uisko, Silma, Turva and Valpas, which is shown in the above picture. The newcomer will be constructed on the basis of the same drawings.

"For these reasons procurements are to be arranged as purchasing authorizations granted in such a way that the equipment will be procured in a continuous series, which would guarantee the best conditions for continuing development opportunities and an economical approach. This practice is also beneficial from the point of view of the domestic industry and employment."

10576

CSO: 3617/123

INTEREST IN LASER SATELLITE DEFENSE TECHNOLOGY INCREASES

Paris LES ECHOS in French 8 Mar 84 p 4

[Article by Jacques Jublin]

[Text] Technological fantasies. Wild imaginings from the gray matter of the military. Technological dreams worthy of science-fiction novels. Delirious thoughts of experts ready to utilize any idea to provoke the one-upmanship of politicians? Not at all. Stanley Kubrick, in his film, "2001, A Space Odyssey," or George Lucas, in his "Star Wars," were absolutely right. The planet will be conquered from above. Power will come from space. And tomorrow the great powers will confront one another to control outer space militarily. National defense specialists are very serious now that France, in a council of ministers, has decided to ratify the 1972 convention on bacteriological weapons. The next war will be fought 1,000 kilometers above the earth: it will be a "clean" war in which nuclear missiles will be blasted to bits by shots from laser guns and perhaps by shots from particulate guns.

France is actively working on laser weapons to keep from being outstripped by the United States or the Soviet Union. Tens of millions of francs are spent every year for studies and research which could well result in France's having at its disposition devices that can unleash a thunderbolt with the speed of light capable of neutralizing enemy observation systems.

And it is not far off: national defense engineers are talking about French arms of that type in five years.

A leap into the future, toward a profoundly different military strategy. Because the nation which has the best defense in space will have a singular tactical advantage, as it will feel itself particularly well protected from an enemy counterstrike in the event of an attack.

It is for this reason that the military men in the Pentagon have captivated Ronald Reagan by suggesting to him the weaving of a vast spider's web around the earth composed of satellites carrying laser weapons which can almost instantaneously destroy enemy intercontinental nuclear missiles.

With its colossal intercept capability, the laser would destroy a missile in its launching phase (which lasts from 3 to 5 minutes) even before it leaves the atmosphere and before it has time to launch its renowned multiple nuclear warheads which confuse defense systems.

Ronald Reagan Will Spend \$900 Million

Ronald Reagan has not wasted time. On 23 March 1983, he jumped into the "star wars" when he decided to spend \$900 million from 1982 to 1988 to come up with a laser defense system for space as quickly as possible.

The 1984 budget includes a total of \$2 billion for all futuristic anti-missile weapons. According to French experts, at the beginning of the 1990s the United States should be in a position to have prototype systems which will become operational in the year 2000. Scientists and technicians are now confronted by a serious challenge. In order for laser weapons to be effective, they must have power on the order of 5 megawatts. At the present time, no one knows how to build a weapon of this kind which would not weigh at least 50 tons.

A Spiderweb of 20 Satellites

You can imagine the colossal effort required to place such payloads into orbit about the earth. Payloads which must be equipped with optical mirrors with a diameter of 5 meters capable of reflecting the "death ray" through space.

In consideration of the current state of the technology, military specialists feel that an effective surveillance and intervention network around the earth should have a minimum of 20 satellites to prevent a surprise attack by the enemy who might slip by in space from one point or another.

The bottom line is that 100 flights by a shuttle like the Columbia will be required to place such satellites in orbit. Utopian? Probably not, since a third of the 300 missions scheduled by NASA have been reserved for the military. Why? The Soviets are asking themselves that very question but are not losing any time getting to work on laser beams, a field in which, according to international scientists, they are quite proficient. Their "activism" is all the greater since Ronald Reagan has forced them to engage in a technological competition which is difficult for them to maintain because the United States has a big jump on them.

In 1983 the U.S. Air Force had already intercepted an air-air "Sidewinder" missile with a laser mounted in a "KC 135" airplane. One small detail: the laser used weighed several tons...But no one doubts the ability of the American researchers to miniaturize to the nth degree. They did this with electronic components by imprinting millions of bits of information on a silicon chip. They did this in the computer field by developing computers,

no larger than a shoe box, with mind-boggling capacities, which are installed in the warheads of intercontinental missiles flying at low altitude.

Well then, no one has any doubts. Nor are there any doubts in the Soviet Union or in Europe where it is not by chance that Francois Mitterrand at the beginning of February at The Hague issued a space appeal to Europe by proposing a plan for a manned, orbiting space station for military purposes. A political symbol but also total realism since France is perfectly aware that to ensure the credibility of its nuclear deterrent force it must also project itself toward outer space.

"Let Us Not Defend Europe With Yesterday's Weapons"

A tactical appeal with a heavy military and financial cost. The United States has set at \$9 to \$10 billion the cost of an orbiting space station which is dear to Ronald Reagan. Also, either France succeeds in convincing its neighbors or it will have to fall back on an old plan consisting of a network of automatic "SANRO" observation satellites in which the Europeans would set sail under the flag with the stars.

A strategic proposal is now under consideration, the military acknowledges, to determine what doctrine should be adopted which projects what the world will be like in the year 2000. Obviously, France does not want Europe to be one war in arrears. Recently, addressing himself to the Austrians, Pierre Mauroy was quite clear. "We Europeans cannot ignore the research on laser beam weapons in space being conducted by the Soviets and Americans. And not only because it poses important strategic problems but also because of East-West relationships and because of the defense of Europe and our own defense policy. We would be wrong to attempt to defend the Europe of tomorrow with yesterday's means and organization." The war in space has indeed begun in the minds of the scientists and politicians.

In Orbit and on Earth

Three major laser weapons could be developed:

--Weapons capable of neutralizing observation systems covering ground battlefields. They would act by blinding information-gathering systems. They have the advantage of requiring relatively modest energy levels. The French are talking about studies capable of producing results in the next 5 years.

--Weapons capable of serving as a defense against tactical missiles. By placing lasers on board airplanes, the military could protect itself from missiles with infrared guidance systems of the "Magic" or "Exocet" type. The power demanded by the laser calls for at least 10 years of work for France.

--Weapons for space defense which neutralize enemy observation satellites from the ground and destroy strategic intercontinental missiles. This is Ronald Reagan's desideratum.

DEFENSE MINISTER WANTS INCREASED ALLIED FORCE TO COUNTER KOLA BUILDUP

Oslo AFTENPOSTEN in Norwegian 15 Mar 84 p 3

[Article by Morten Malmo: "Soviet Nuclear Weapons in the North Worry the Government"]

[Text] "The growth in Soviet nuclear weapons strength -- particularly the buildup taking place in the North -- is worrying the government," Defense Minister Anders C. Sjaastad said yesterday in the Storting. Sjaastad also said that it is in the Norwegian interest that allied naval forces that can be used in the seas around Norway be strengthened. "It will improve our possibilities to receive allied assistance and it will have a war-detering effect," Sjaastad said.

The defense minister expressed these views yesterday in the Storting in answer to a question from the Socialist Left's Stein Ornhof. Ornhof pointed out that there are American plans to place cruise missiles on vessels serving in the Norwegian Sea, and he asked Sjaastad to discuss these plans in regard to the consequences for security policy such deployment will have for Norway. The two different types of cruise missiles concerned here were developed by General Dynamics and Boeing respectively. Ornhof said that the path such missiles will have to take toward the Soviet Union will go over Norwegian territory. Besides this, Ornhof noted that the naval vessels used will be dependent upon aerial support, and such aircraft may have to use Norwegian airfields -- in accordance with the so-called COB agreement. Ornhof concluded that the escalation that will take place will affect the tension in the North.

Defense Minister Sjaastad did not give the orientation Ornhof asked for, but was content to say that there are more or less clear American plans on the deployment of cruise missiles on vessels in the North. On the other hand, Sjaastad said that it is the Soviet armament that is most disturbing, and he said that it has taken place in the past 15-20 years.

"In contrast to the Soviet Union, the NATO countries are dependent upon sea lane connections for the transport of both civilian and military supplies. The special military-strategic problems of the NATO alliance occur because it is geographically divided by the Atlantic Ocean.

"Aircraft alone will not be able to transport the enormous quantities spoken of here. Therefore it is NATO's aim to control the maritime situation in the Atlantic Ocean and in this way to guarantee the vital lines of communication between North America and Europe," Defense Minister Anders C. Sjaastad said.

9124

CSO: 3639/89

PAPER COMMENTS ON STORTING DEBATE OF KISSINGER PROPOSALS

Oslo AFTENPOSTEN in Norwegian 16 Mar 84 p 2

[Editorial: "Norwegian Security"]

[Text] A couple of initiatives in American policy were echoed in the foreign policy debate in the Storting yesterday. They were Undersecretary of State Eagleburger's statement about the center of gravity being shifted from West Europe to Asia, and Henry Kissinger's outline of an increased West European "self-effort." The latter included, as one will remember, a threat of American withdrawal from Europe. This is hardly a reason for great concern. But if one regards the two initiatives on the background of certain general developments, one cannot avoid a new evaluation of Western Europe's responsibility for its own security in the coming years.

Relations between West Europe and the U.S. are not static. Besides, things are happening on our own side of the Atlantic Ocean that we must consider. Foreign Minister Svenn Stray addressed these questions both in his analysis last week and in the Storting debate yesterday. Stray pointed out that an extension of the European pillars of NATO will result in a general strengthening of Western cooperation. The aim is a more equitable division of the burden, with an eye to arms deliveries as well. But obviously there must be no equation between European cooperation and a sort of Atlantic liberation process. This point must be insisted upon, particularly because Norway's security is connected to such a great extent to the U.S.

We must follow these developments carefully, and Norway must actively express her viewpoints in the proper organizations. The thoughts that came out of the French-German talks on the Western European Union can well have certain aspects that do not necessarily agree with our security policy interests, but we hardly think there will be any serious disagreement here. Neither can we quite see the necessity for Guttorm Hansen's (Labor) effort yesterday to start a policy struggle on these matters by carrying the foreign minister's speech farther than was reasonably necessary.

An important theme in the debate on the West European defense effort is the wish to reduce dependence on nuclear weapons. It is safe to say that this wish is fairly widespread in our time. But a basic requirement to achieve it -- in a

responsible manner -- is the establishment of a balance of power between East and West Europe and a display of determination and cooperation from NATO. An obvious, if not the only real possibility is for us to make more efforts to build up conventional forces. But then the question is whether the wish to reduce nuclear weapons is matched by sufficient political will toward an effort in conventional weapons. Or whether the slogans against nuclear weapons will slowly but surely turn into a general passiveness -- and a lack of ability to take the necessary measures.

The question was brought up in yesterday's debate by, among others, the foremost speaker of the Conservative Party, Harald U. Lied, who presented such a balance in conventional weapons as an important goal -- and who said that it will hardly depend upon his party to have it carried out. It is certain that such an increased effort is a theme that the West must debate more thoroughly in the future.

9124

CSO: 3639/89

NAVAL OFFICER POINTS OUT DANGERS FACED BY INTRUDING SUBS

Oslo AFTENPOSTEN in Norwegian 16 Mar 84 p 20

[Letter to Editor by Commander Jan Jaeger: "Submarines in Our Fjords"]

[Text] In a contribution to a debate in AFTENPOSTEN 7 March, Knut M. Hansson commented on the activities of foreign submarines in Norwegian and Swedish waters.

From an interview with me in NA, 29 February, Hansson draws two erroneous and to some extent dangerous conclusions, namely, "The Russians know that they have nothing serious to fear in our waters," and "The submarine officer says that there is nothing we can do with Soviet submarines in our waters."

The conclusions are probably based on the headline, "We will never shoot to kill," and the picture caption, "...It is unthinkable that we will begin a fatal attack," both from NA 29 February.

If one reads the whole interview and not just the headline and the picture caption, most people will understand that the violation of a Norwegian fjord involves a certain risk of being discovered. When a foreign submarine is discovered, the effort will immediately be made to force it up to the surface to be identified. In this process, it is realistic to assume that our most effective weapons against submarines can be put into use. If the situation requires such an operation, no one will be able to guarantee that the submarine cannot be sunk. The choice between coming to the surface and lying deep below lies with the submarine commander alone. The actions taken will be primarily to get the sub up and identified. In other words, in time of peace we will never shoot to kill. On the other hand, it is quite possible that in our attempt to force the sub to the surface we must go to such extremes in the use of weapons that in the worst case the result can be that the sub is sunk.

In this connection, allow me to refer to the excerpt of the annex to the applicable rules the government published 29 April last year in connection with submarine actions in Sunnhordland. Here it says, among other things: "If new contacts are made with a possible submarine, weapons will be used for the purpose of forcing it up to the surface regardless of the danger that the submarine may be lost."

"If a possible sub does not come voluntarily to the surface, the country that has ordered its sub to move into another country's territory in violation of international law must bear the responsibility if the sub is damaged or destroyed and if human life is lost.

"If a possible sub wishes to come to the surface, or if the Norwegian authorities learn of this from the sub's owner, the use of weapons will be halted.

"If one can assume that a possible foreign sub can no longer get away, the attempt will be made to avoid the use of such effective weapons that there will be the strong risk that the sub will be lost.

"If a possible sub tries to get away, and there are no other means of preventing the escape, the Norwegian authorities will, as a final defense tactic, allow the use of all available weapons."

This is a risk a possible intruder into our waters must understand quite clearly, and there is no reason to assume that our practice in this area will change in the foreseeable future.

9124

CSO: 3639/89

ERIK G. BENGTSSON NAMED COMMANDER OF THE ARMY

Stockholm DAGENS NYHETER in Swedish 12 Mar 84 p 4

[Article by Caj Noren]

[Text] More order, accountability, responsibility, and style. This is what the new army commander, Erik G. Bengtsson, will demand from the Swedish troops when he succeeds Nils Skold in April.

If one has entered into a career in a military area such as that of the commander in chief of the far north, Erik G. Bengtsson (CIC FN), then one must be ready to fall in when one is called. "Otherwise the system doesn't work," the new army chief (AC) says.

Grudgingly he admits that AC is the finest one can become if one is an army officer. He does not believe that he has ever expressed such a wish.

The general is also ready to undertake his job with "great enthusiasm," even if this man from the warm part of the country thinks it seems "strange to move from the far north"!

Certainly the general thinks with a certain sadness of his elk hunting place that he must leave. The uncomplicated manner of getting along up here has also left its clear mark.

Well Situated

When one thinks back on his three and a half years as military commander, one can also say that he has worked in a well situated area. "During my time here the far north has taken on increasingly more military significance. Here there have never been reductions, but almost always reinforcements."

Both the defense department and the politicians agree that there will be increased emphasis on the defense of the far north.

The Swedish army musters a maximum of 710,000 men. Eighteen thousand full-time workers, of whom 10,000 are military, train 40,000 conscripts and 90,000

reserves each year. All of these people can wait now with bated breath to see what is in store for them when Bengtsson takes over from Nils Skold. On 2 April Bengtsson's policy direction will be presented. One thing that he has worked for as CIC FN will certainly "hit" the Bengtssonian army:

More Order

"An increase in order, accountability, responsibility, and style is necessary in the army." These four words "are" Erik G. Bengtsson. A member of the military close to the defense department characterizes him as a "100 percent pure wool guy," but so orderly that he has the tendency to appear a little colorless.

Always balanced. Never loses his head. Reliable and uncompromising. Not a "specialized idiot" and therefore easy to talk to. Understands very well the influence of the press and good friends with many journalists.

The new AC has also made himself known as a good listener. His ideas on order, accountability, responsibility, and style either come from the conferences on compulsory military service or have at least have been reinforced by them. The recruits have already complained about the bad order in the service: "This goes both for officers and recruits. Millions are being lost from the army because of faulty responsibility in materiel."

The general does not belong to those who claim that everything will go to hell in a war if buttons aren't buttoned. But bad discipline in one area can be an "indication" of bad discipline and accountability in other areas that can be of great significance in a combat situation. "I make this comparison. But don't think that this makes me into a shoe polishing fanatic!"

In the far northern military area the coming army chief has gleaned experience in two sub chases, one summer in 1982 near Umea, and one last summer near Tore. In both instances there were "strong indications."

The sub incidents took everyone, including Bengtsson, completely by surprise. Never "in his life" could he have dreamt of "possible subs" in Bottenviken. As a result there was no planning for the sub hunts, either. It was done on a "completely improvised" basis.

In the summer of 1982 one received the impression from the media that the CIC FN thought the sub was trapped up at Holmogadd. He strongly denies this. "That was the mass media's version."

"It was not possible to trap a sub with the resources we had!"

In the new job he thinks that he will at some time be faced with the idea of a shortening of the training time. The main part of today's recruits in the army serve 7.5 months. There is no time to compromise with here, even if he does not rule out a shortened training period in certain areas. But he will use this time for better firing training, from antiaircraft firing through the whole list wherever there are deficiencies.

NAVAL CHIEF PER RUDBERG PROFILED IN SUB HUNT CONTEXT

Stockholm SVENSKA DAGBLADET in Swedish 4 Mar 84 p 26

[Text] If submarine chasing were a questions of good ears, few fleets in the world would be better equipped than the Swedish one. Just the sight of our naval chief, Per Rudberg, ought to be enough to get foreign submarine captains to admit defeat. The nickname "wing nuts" that he has at times carried is so obvious that it is not even funny except perhaps the contrast between this and his serious appearance and straight-arrow career.

Per Rudberg has taken on a very characteristic and striking appearance. Anders the artist was quite lyrically involved in making a caricature of the naval chief.

It is not only Per Rudberg's face that is long and thin. During his time as a naval cadet he had to bear the nickname "Short Per," even though this was more obvious than inventive.

Flexibility

He is so tall he had trouble making a place in the fleet's hammocks. According to a person who was there at the time, he adjusted himself to the space available, and this can perhaps be taken as an early example of the flexibility that according to all witnesses characterizes Per Rudberg's actions.

In military circles he is sometimes considered a little too flexible. "I think he is a little to careful. He could have a little more spark," said one of his colleagues around whom the sparks always fly.

"He lets his flexibility be steered more than he perhaps should. He has said that he doesn't want to sink as low as certain others, but now and then one is forced to urge him to do so," a person near him said, talking about the blows under the belt in the fight for more appropriations for the fleet.

But in the civilian sector among the politicians concerned with defense, Per Rudberg's flexibility is only admired. "He has the ability to defend the navy's interests without awakening aggression. He has been smart not to hit harder," a former defense minister said.

"He finds it easy to get people to listen to his viewpoints. It is not certain that he would have gotten more if he had hit harder," a Social Democratic member of the defense committee said.

Per Rudberg is the politicians' favorite among the chiefs of the service branches. When he recently held an information conference for the defense committee, all the members came, deputies included. This is unique, and it is not just because the fleet stands in the limelight at present.

"Per Rudberg is the most pleasant of admirals and generals. He is a modern military man who demands order and discipline but has a pleasant manner with civilians," the above-cited Social Democrat said.

Per Rudberg seems to be a generally much admired person, both on the job and privately. The judgment on him as naval chief when he retires in September of this year will by all indications be good. He seems to have made the best of the situation he found when he took over. The responsibility for the number of unsuccessful submarine chases does not rest on him.

On the contrary, he probably will get credit because as early as when he became naval chief in 1978 he warned of increasing submarine violations of Swedish waters.

At that time it was rumored in wide circles that the only submarines in Swedish waters besides the navy's own belonged to the so-called budget class, that is, that they really were to be classified among the navy's own arsenal under the category of tactical weapons intended for internal use in the struggle for increased appropriations.

Thanks, Gusjin!

But then Per Rudberg got an unexpected collegial helping hand from Captain Gusjin and a troublesome gyrocompass and stood out as a visionary. An important moderate politician called him a new thinker and favored Per Rudberg when he and Lennart Ljung were candidates for the position of commander in chief.

Minor doubts about Per Rudberg's ability to be sufficiently strong and hard in negotiations, however, ~~un~~moved the balance in Lennart Ljung's favor.

This does not mean that Per Rudberg is a weak chief, just that he possibly sees too many nuanced differences in life to be the perfect commander in chief.

"As a military man he is an anomaly. So typically intellectual in appearance, but still a strong chief," a politician said, who, after a certain hesitation recommended Lennart Ljung.

Among the contradictory characteristics in Per Rudberg are, according to an officer colleague, both good judgment and great talent, two qualities that, according to the same person, are mutually exclusive. An example of this thesis is army commander Nils Skold, who has great talent.

It is precisely Nils Skold who is among the few persons with whom Per Rudberg has difficulty getting along with. It is certainly not so bad that they cannot work together when it is necessary, but as an informed source expresses the matter: "Per will not miss Nils Skold when he leaves this spring."

None of the witnesses offers more piquant details on Per Rudberg. Instead there is a steady stream of compliments and praise. He is honest, principled, of high moral character, with a delicate sense of humor, quiet, pleasant, etc.

From this one can at least draw one conclusion. He has known how to surround himself with loyal colleagues and good friends.

9124
CSO: 3650/150

DISCUSSION OF GREEK CYPRIOT PROBLEM COMPANIES

Nicosia TA NEA in Greek 28 Feb 84 pp 1, 3

/Text/ Director of Cooperative Development Khlorakiotis, responding to a questionnaire submitted by TA NEA, said there are additional cooperative problem companies which were not placed under auditing and that each case is under study.

Replying to another question, Khlorakiotis reported that most cooperative and non-cooperative companies work with loans (several types of credit).

The complete text of the questions and answers by Khlorakiotis is given below:

QUESTION: How far has the auditing gone in the companies being audited? (If it has been completed what was the result? If not, when is it expected to be completed?)

ANSWER: The auditing of the six cooperative companies which were subjected to auditing by the decree of July 1983 under appointed auditors has not been completed. It is reported that these cooperative companies have valuable assets such as industrial units and mechanical installations whose sale will take time, especially when there are no Cypriot buyers and it is necessary to find buyers abroad. One illustration is the Cooperative Central Industries (Paphos) Ltd., which has eight industrial units.

Nevertheless, two units of equipment for making bricks have been sold for the price of 512 thousand pounds and several other assets valued at 1 million pounds.

As things stand now one finds it difficult to forecast how long it will take to complete the auditing of each company. In any event, the auditors continue their task and take the necessary action.

What Is the Debt?

QUESTION: If the auditing has been completed what was the debt of such companies and what was the result of the auditing? How will the deficit be

covered?

ANSWER: As said in the reply to the first question the auditing has not been completed. Therefore, we will not know the results until it is completed. As it happens in all cases of auditing the deficit (loss) will be borne by the creditors.

The Benefits Were Given

QUESTION: Were all benefits given to the dismissed employees? (If yes, what was the sum paid? If not, what amount is owed?)

ANSWER: The reply to this question is positive. Yes. All benefits were paid to the dismissed employees.

Reactivation

QUESTION: Are there any efforts to reactivate the audited companies? If yes, by whom? When will they be back in operation?

ANSWER: We cannot talk about reactivating a company or companies which are to be dissolved. All we can say is that if interest is expressed by a number of individuals or cooperative companies to form a new company for any purpose including the purposes of any cooperative company being audited, then every such case will be studied. And if enough capital is deposited in relation to the expected capital investment and also in relation to the expected volume of business, and if the interested parties are able to convince the Director/Supervisor of Cooperative Companies that such a company will be viable, then it may be established and registered.

It is mentioned that such interest was expressed in the case of the Computer Center and the Cooperative Printing Office. Both cases are under study.

The Computers

QUESTION: What is the status of the efforts to establish the new Computer Center 3 Company? Who are the interested investors? When is the new company to be established considering that the equipment must be changed within 1984?

ANSWER: The efforts to establish a new Cooperative Computer Center are very advanced. That the equipment must be changed within 1984 is a matter for the investors who will have to proceed accordingly. In any event, it appears the necessary procedures will be completed and the new Cooperative Company will be registered within the next 2 months.

The Problem Companies

QUESTION: Are there any other problem companies which were not placed under auditing and dissolution (such as the Nicosia Cooperative Supply Union, the

Cooperative Company for Industrial Processing of Agricultural Produce, or the Agricultural Products Cooperative Marketing Union)? What is their condition? Do they continue to have deficits? If yes, how large? If not, what was their profit?

ANSWER: There are certain problem companies which were not subjected to auditing. Each case is under study. This does not mean they will necessarily be placed under auditing and dissolution.

To the question whether they continue to have deficits, we reply that if a company has debts, it does not mean that it is faced with bankruptcy. After all, all cooperative or non-cooperative companies operate with loans (various forms of credit).

A company faces bankruptcy when it has accumulated such a capital deficit (loss) that it cannot meet its obligations to its creditors or when it continues to have losses.

7520

CS0: 3521/210

BACKGROUND OF NEW LABOR FEDERATION HEAD

Nicosia KHARAVGI in Greek 26 Feb 84 p 12

/Text/ The new Sectional Council of the Pan-Cyprian Labor Federation /PEO/ met last Thursday and elected as its new secretary the provincial organizational secretary and treasurer of the Branch Council. It also elected the other officers of the body.

Khristakis Vanezos was elected secretary of the PEO Branch Council.

Petros Kharalambous was elected provincial organizational secretary and treasurer.

The following were elected as members of the Secretariat of the Branch Council: Khristakis Vanezos, Petros Kharalambous, Kharalambos Konstandinou, Khristakis Georgiou, and Panagiotis Andonopoulos.

Finally, the Branch Council elected the Provincial Organizational Bureau with Petros Kharalambous in charge, as well as the Provincial Educational Bureau with Kharalambos Konstandinou in charge.

The Background of the New Secretary

Khristakis Vanezos graduated from the Mitsi School in Lemythos where he was born. After graduating he worked as a clerk. In the 1960s he was active in the movement of democratic youth. Later he studied law at the state University of Moscow Lomonosof. During the decade of his studies he served as chairman of the Association of Cypriot Students in the USSR /EKFSE/. From this post he participated actively in the Cypriot Student Movement and played a key role in establishing the Pan-Cyprian Federation of Students and Young Professionals.

Following the end of his studies he was hired by PEO as its official in charge of education and immediately thereafter as special Secretary of the PEO.

In 1979 at the PEO 18th Congress he was elected a member of the General Council and in 1982 a member of the PEO Executive Council.

Following the death of Zavharias Filippidis, the secretary of the French

Organization of the Nicosia PEO, Khristakis Vanezos was assigned in October 1983 the duties of the acting secretary of the Branch Council.

At the 17th PEO Provincial Conference in Nicosia he was elected member of the Branch Council which elected him secretary of the Branch Council of PEO Nicosia.

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CS0: 3521/210

STATISTICS ON 1983 BALANCE OF PAYMENTS DEFICIT

Nicosia KHARAVGI in Greek 2 Mar 84 pp 1, 7

/Text/ The December 1983 export-import report of the Statistical and Research Section stated that the 1983 trade balance deficit increased by 21.6 percent and reached 381,437,000 pounds compared to 313,742,000 pounds in 1982. According to the report the major trade characteristics of Cyprus were:

For December 1983: The imports increased by 8.2 percent and reached 56,391,000 pounds compared to 52,138,000 pounds in December 1982. The total exports increased by 15.3 percent and reached 25,716,000 pounds in December 1983 compared to 22,299,000 pounds during the corresponding month of the previous year. The December 1983 trade balance was negative. It was 30,675,000 pounds compared to 29,839,000 pounds in December 1982.

For the Year 1983

During the January-December 1983 period the imports increased by 11.2 percent and reached 641,962,000 pounds compared to 577,551,000 pounds in 1982, while the total exports decreased by 1.2 percent and reached 260,525,000 pounds compared to 263,809,000 pounds in 1982. The 1983 trade balance deficit increased by 21.6 percent and totaled 381,437,000 pounds compared to 313,742,000 pounds in 1982.

The imports of raw materials in 1983 reached 259,594,000 pounds or 40.4 percent compared to 235,474,000 pounds or 40.8 percent in 1982. In 1983, the imports of consumer goods were 149,324,000 pounds or 23.3 percent compared to 125,413,000 pounds or 21.7 percent in 1982. The imports of oil products rose to 119,899,000 pounds or 18.7 percent compared to 177,263,000 pounds or 20.3 percent the previous year. The imports of transport equipment reached 59,153,000 pounds compared to 47,073,000 pounds in 1982, while the imports of capital goods were 53,394,000 pounds compared to 51,981,000 pounds in 1982.

The imports from EEC countries reached 318,168,000 pounds or 49.6 percent of the total imports in 1983 compared to 277,382,000 or 48 percent in 1982. The 1983 imports from Arab countries reached 71,655,000 or 11.2 percent of the total imports compared to 87,386,000 pounds or 15.1 percent in 1982. The imports from Eastern countries totaled 38,191,000 pounds or 5.9 percent of

the total imports compared to 28,606,000 pounds or 5 percent in 1982.

The 1983 exports of total industrial products reached 134,262,000 pounds or 74.7 percent compared to 139,021,000 pounds or 70.8 percent in 1982. The exports of farm products were 40,923,000 pounds or 22.7 percent compared to 51,518,000 pounds or 26.2 percent in 1982. Exports of mining products in 1983 reached 4,311,000 pounds or 2.4 percent compared to 5,575,000 pounds or 2.8 percent in 1982. The re-exports reached 50,400,000 pounds compared to 41,191,000 pounds in 1982, while the provisions to ships and airplanes reached 30,223,000 pounds compared to 26,105,000 pounds in 1982.

The exports to Arab countries reached 124,401,000 pounds or 47.8 percent of our total exports in 1983 compared to 128,411,000 pounds or 48.7 percent in 1982. The exports to Eastern countries were 16,312,000 pounds or 6.2 percent compared to 15,986,000 pounds or 61 percent in 1982.

The trade limit (the ratio of the exports price index to the imports price index) decreased from 100.3 in 1982 to 97.1 units in 1983.

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CS0: 3521/210

BRIEFS

BIRTHRATE DATA FOR TURKISH-CYPRIOT SECTOR--Yesterday's YENI DUZEN published statistical data on births in the occupied areas and on the /Turkish/ settlers. The newspaper stated that compared to 1977 the births in the occupied areas decreased by 14.4 percent. The birthrate percentage among the settlers is 21.7 percent, taking as a criterion the mother's origin. The births in 1977 totaled 2,923; in 1978 were 2,613; in 1979 rose to 2,808; in 1980 were 2,587; in 1981 were 2,648; and in 1982 totaled 2,501. In the past 5 years 12,339 children were born, of which 2,901 were from mothers from Turkey. A total 21.7 percent of the births represented births by mothers from Turkey and 29 percent of the children had fathers from Turkey. The percentages of children born from mothers from Turkey were as follows: 1978, 24.4%; 1979, 24.8%; 1980, 23.4%; 1981, 19.5%; and 1982, 17.5%. The percentages from settler fathers were: 1978, 33.3%; 1979, 33.1%; 1980, 32.5%; 1981, 24.2%; and 1982, 24.2%. /Text/ /Nicosia KHARAVGI in Greek 25 Feb 84 p 10/ 7520

CS0:3521/212

PRODUCTION OUTLOOK FOR DANISH NORTH SEA OIL FIELDS EXAMINED

Copenhagen BERLINGSKE TIDENDE in Danish 13 Mar 84 Sect III p 8

[Article: "Danish Oil Production to Increase Only with New Fields"]

[Text] During the next 3 years oil production in existing North Sea fields will remain constant at 2.3 million tons. It is believed, however, that DUC (Dansk Undergrunds Consortium) soon will decide to expand operations in the Dan field.

Danish oil production in the North Sea during the next 3 years will remain constant at about 2.3 million tons annually. This was indicated by Energy Board estimates of 1 March on expected production. The report deals only with existing fields. It is expected, however, that Dansk Undergrunds Consortium will soon decide to expand production in the Dan field and begin production in Midt Rosa.

Significantly, production from the Gorm field, Denmark's largest oil field, will drop during the coming years, although this reduction will be offset by additional production in the Dan and Skjold fields and by additional production of casinghead gas.

The A. P. Moller Shipping Co. had no comment on the Energy Board estimates except to say that it was in general agreement. The estimates by the Energy Board are based on the least probable production.

Production in the Dan field, which produced 240,000 tons of oil from eight wells in 1983, is expected to increase significantly beginning on 1 October this year, when gas production will begin. At present, 10 of the wells in the Dan field are capped due to their high gas content. When gas production begins, the Dan gas can be separated from the oil at the central processing platform in the Gorm field and then be sent ashore.

So far, the expansion of Denmark's first oil field has been postponed until the gas can be brought ashore. Thus, it is believed that Dansk Undergrunds Consortium soon will announce plans to expand operations in the field with additional drilling in this field, Denmark's largest, and by constructing more

appropriate living and production facilities.

In 1983, 16 wells in the Gorm field resulted in the production of just under 1.6 million tons of oil. The other two wells were used to pump gas back into the field in order to maintain pressure in the structure. Nevertheless, production during the next 3 years is expected to drop to 1.4 million tons, 1.1 million tons, and 911,000 tons in 1986.

The Skjold field, which produced 340,000 tons from a single well last year, is expected to almost double its production in the coming 3 years to 630,000 tons. There is considerable uncertainty over the Skjold production, however, which will be clarified only after DUC has published the results of previous production.

The drop in Gorm production during the coming years will be partially offset by increased casinghead gas production from Tyra gas. The Energy Board has not regulated casinghead gas, but increased production of casinghead gas will provide DUC with several advantages.

Casinghead gas actually is an extremely light oil, also called wet natural gas, from gas production. It can be mixed with North Sea oil with positive results. As a result, the oil refineries receive a lighter crude oil which yields more gasoline. There will be more and more demand for gasoline in the future, especially since natural gas will replace heavy fuel oil to a greater extent.

After expanding activities in the Dan field, DUC is expected to turn to Midt Rose west of Gorm. Later, the Roar gas field north of Tyra will be developed to begin production in 1989. In addition, other structures in the northern section of the Danish region of the North Sea may be developed. This could be true, for example, of the Lulu structure near the Norwegian boundary.

9336

CSO: 3613/120

PRIVATE SECTOR EMPLOYMENT SHOWS REMARKABLE REBOUND

Copenhagen BERLINGSKE TIDENDE in Danish 13 Mar 84 p 1

[Article by Frank Dahlgaard]

[Text] New figures from Danmarks Statistik show a sharp rise in employment, which is now about to surpass the record level of 1979. Most of the new jobs have been created in private business.

New jobs in the private sector are now appearing like wildflowers in early spring.

From the third to the fourth quarter of 1983 the total number of jobs increased by 10,700 full-time positions. Since the change in government in 1982, 20,500 additional wage earners have found jobs.

Most of the new jobs have been created in the private sector, which is a totally new trend in Denmark. Thus, it seems that the policies of the coalition government have been successful.

The figures are taken from a preliminary analysis of employment undertaken by Danmarks Statistik. They are based on employer payments to ATP (General Supplementary Pension System).

During the fourth quarter of 1983 employment was estimated at 1,853,600 "full-time wage earners."

That is 20,500 more than for the same period 1 year ago. It is also close to the employment record set during the fourth quarter of 1979.

As a totally new aspect, the ATP figures show that only a small portion of the new jobs resulted from new positions in the public sector: from the fourth quarter of 1982 to the fourth quarter of 1983 the number of state jobs increased by only 3,200, while municipal jobs increased by 1,200.

Private business, on the other hand, provided 11,300 new jobs, while 4,800 new positions were registered among employers with "unstated ownership." Many of these probably are included in the private sector.

The new jobs have been created in a wide variety of areas: agriculture, industry, trades, commerce, finance, and especially construction.

FINLAND HOPES TO BOOST CONSTRUCTION EXPORTS TO USSR, OPEC

Negotiations With USSR

Helsinki HELSINGIN SANOMAT in Finnish 3 Mar 84 p 30

[Article: "Construction Exports Further Declining"]

[Text] The value of exports of the Finnish building contractors decreased last year in real terms by 13 percent compared to the year preceding. The reduction continues this year and is due primarily to Soviet projects.

The drop in the foreign operations of Finnish construction contractors last year amounted to 4.1 billion marks; it was disclosed in a survey published by the Finnish building contractors' association concerning the export situation.

Last year the work decline was felt most strongly in Near East undertakings. The reduction in the Soviet Union is just now beginning, as reported by the building contractors' association.

The amount of construction exports is estimated by the association to fall this year by one-fourth compared to last year. The numbers of workers required also makes the decline evident as the Finnish workers in foreign projects will drop to below 3,000 individuals.

As of January of the current year the building contractors, according to information compiled by their organization, had 55 export contracts from 17 countries. The total contract amount of the projects was nearly 10 billion marks, of which work, however, only 3.6 billion marks remained to be billed. The total value of the 40 construction export projects completed last year came to 2.8 billion marks. Contractors were working last year in 23 countries, of which six had no construction activity at year's end.

The bulk of construction exports were directed earlier to the Arab countries, but last year the income derived from construction exports to the Arab countries was only a fourth of the total. The construction exports going to the Soviet Union rose last year to about 2.7 billion marks and represented two-thirds of the volume.

Soviet Union Quota Already Full

In the trade discussions last year 380 million rubles was fixed as the Soviet Union's export quota and was followed through. The quota determined for this year was 200 million rubles and will be met practically in full by contracts already agreed upon.

Accommodation for new contracts appears to be practically nil before the end of the year. The conversion of projects to clearly industrial applications also has decreased the number of construction projects in the Soviet Union.

The enterprises estimate that perhaps one-tenth of this year's export quota still remains to be signed. Agreements signed for the coming year come to a scant one-third of this year's quota and perhaps a half of this figure for the year 1980.

The truly distressful problem of Soviet commerce, in the building contractors' view, is the trade imbalance, which means that opportunity for new construction exports will not be very easy to develop. The present situation may give rise to undisguised tightening of competition both among construction companies as well as among other exporting sectors.

The Soviet Union is not lacking in projects worthy of exploitation, as the Finnish enterprises, according to estimates circulating at company level, have preliminarily charted for the years 1984-1990 altogether 170 different projects, of whose total value may reach eight billion rubles or slightly less than 60 billion marks at today's level.

Petroleum Countries Still the Most Important Objects

Internationally speaking, the petroleum countries still remain the most attractive area to be sought after. There, however, the shrinkage of foreign demand and the rise of pure protectionism is affecting the activities along with simultaneously dropping petroleum earnings.

The reduction of contracts in the Arab lands has hurt not only the Finnish builders but also, similarly, contractors from both Western and Far Eastern countries. The problems for all are the same: i.e. payment delays, funding requests and tight money.

The Finns have some twenty ongoing projects in the Arab countries, the most important ones in Libya and in Iraq.

Last year the builders received 30 new contracts totaling 1.9 billion marks or not quite half of the invoiced amount. Most of the new contracts were from the Soviet Union: i.e. 70 percent of the value of the contracts.

One fifth of the contracts were from African countries, primarily Egypt and Libya. No significant new contracts came from the old target countries, that is, the Near East Arabic countries. New target countries of the construction exporters were Great Britain, Malaysia, and Ethiopia.

Export Income From USSR Drops

Helsinki HELSINGIN SANOMAT in Finnish 5 Mar 84 p 23

[Article: "Finland and USSR Discuss Eighty Joint Projects"]

[Text] Soviet enterprises are in the process of negotiating an agreement in connection with over eighty joint industrial ventures with Finnish companies and organizations. The Soviet trade representative, V. I. Vorontsov, confirmed in an interview with MAAILMA JA ME [We and the World] that closest to start production are a nuclear icebreaker, automatic electronic telephone centrals, freight cars and industrial robots.

"The 80's is becoming obviously the decade of the active development of industrial collaboration in Soviet-Finnish joint efforts," ventured Vorontsov. So far twenty-five treaties of cooperation have been signed with Finnish companies. The rate of growth of trade and the consistent expansion of other economic relations occupy an important position, in Vorontsov's view, in the collaboration between Finland and the Soviet Union. Of equal importance is also the fact that the structural balancing of exports and imports would strengthen the steady development of trade.

"Certainly there are possibilities for this kind of development of trade and economic cooperation. However, it must absolutely be established that the prospects of Soviet imports from Finland depend on possibilities of developing Soviet exports," said Vorontsov.

Vorontsov believes that a new promising area of cooperation is the production of foodstuffs. In the interview he also reassures the builders, saying that they should not sink into pessimism "because the prospects are good."

9655

CSO: 3617/113

BRIEFS

FUNDS FOR VIETNAM SHIPYARD--On Wednesday the Foreign Ministry granted yet another 3.7 million markkaa for completing the construction of the Pha Rung Shipyards in Vietnam. In question is the procurement of certain necessary items, by which the construction of the shipyard can be brought to a conclusion. Originally, the Vietnamese were supposed to procure the equipment in question themselves, but they have announced that they are not able to do this. The total cost of the shipyard built by Finnish development aid funds will be 185 million markkaa. The additional funds for the shipyard were tabled in the government's Financial Affairs Committee in February, but they were approved on Wednesday. It is Foreign Minister Paavo Vayrynen's intent to christen the shipyard on Friday during his trip to Vietnam. On Wednesday the Foreign Ministry also granted nearly 9 million markkaa for the Mingingu phosphate mining project in Tanzania and 1.5 million markkaa through the offices of UNICEF for the delivery of paper to Nepal as development aid in the form of a gift. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 22 Mar 84 p 9] 10576

KOLMER ON INTERNATIONAL PRESSURE TO CORRECT ECONOMY

Athens MESIMVRINI in Greek 13 Mar 84 p 8

/Article by K. Kolmer, MESIMVRINI's economic commentator/

/Text/ In a report circulated among international banking circles, international monetary authorities noted the seriousness of the crisis of the Greek economy and maintained that precisely because of the seriousness there was not time "for a gradual elimination of the imbalances" --as the Papandreou government maintains-- but rather the taking of rapid measures in view of the disarray in the balance of payments and in the area of prices.

A large number of foreign bankers are expressing their concern over the fact that the deficit of the current balance of trade increased in 1983 by 5.5 percent of the gross national income despite the fact that the "items to be settled" (Errors and Omissions Item) were sharply negative. (Note: In fact, the negative "Errors and Omissions" amounted to 324 million dollars in 1982 as compared to 71 million in 1981 and a 365 million plus figure in 1981, meaning that either expenditures in foreign exchange are greater than disclosed or part of the foreign borrowing is short term).

For 1984, international banking circles believe that even if Greece's exports and invisible resources were to move up the current deficit will increase by 6 percent of the GNP. The same circles strongly doubt that government intentions to decrease the current deficit to 3.75 percent of the GNP is possible "without a decisive policy that would increase the competitiveness of Greek products."

Also, government forecasts about an increase of independent borrowing are considered as being over optimistic (according to the government, business influx of capital is expected to increase by 28 percent this year to 320 million dollars and the import of capital for the purchase of real property is expected to increase by 19 percent to 500 million dollars).

According to international monetary authorities, the realization of the government's expectations depends on the implementation of the proper policy, especially with regard to the activating of compound interest, something that the government is hesitating to do.

However, Greece's foreign borrowing is also of great concern to the same monetary authorities, especially following the expected serious worsening of the correlation between sinking funds and the foreign exchange revenues of the country in the next few years. Likewise, the drop in the foreign exchange reserves of the country to the level of 5-weeks imports is creating problems for Greece's position in foreign markets. With this prospect in mind, international monetary authorities consider that strong anti-inflation measures must be taken in conjunction with a flexible foreign exchange policy to ensure the foreign accommodation of the Greek economy.

Many observers stress that the financial policy being implemented this year by the Greek state is helping the high inflation rate and they stress that if inflation does not appreciably slow down the differentiation in the rise in prices with Greece's main partner countries will not be covered by reevaluations of the drachma.

Moreover, the income policy (1984) is also endangering monetary stability, what with the 6 percent increase in real income in the public sector, resulting in a drop in the competitiveness of Greek products. On the other hand, it is also being emphasized that the further freezing of prices will result in other strains on the economy and will discourage investments with the creation of a stronger atmosphere of uncertainty among businessmen.

Nevertheless, banking circles contend that a resurgence of investments is indispensable for the creation of new jobs and the reestablishment of the foreign equilibrium of the Greek economy, especially in light of the great indebtedness of private investors in Greece over the past few years.

5671

CSO: 3521/215

PROSPECTS FOR INCREASED EXPORTS TO ALGERIA

Athens EXPRES in Greek 15 Mar 84 p 3

/Text/ Algiers (APE)--Mr G. Avramidis, president of the Panhellenic Association of Exporters, in a statement to the APE /Athens News Agency/, said that it was the Algerian Government's desire to help in every way possible to develop Greek-Algerian trade relations. Mr Avramidis completed a 5-day visit to Algeria yesterday.

Mr Avramidis' complete statement was as follows:

"The basic message from my contacts in Algeria is that the main conditions for increased improvement and development of our trade relations and bilateral trade exist.

"Both government officials (ministries, chambers of commerce and the Foreign Trade Center) as well as directors of state enterprises with whom I met stressed the desire of the Algerian Government to help in every way possible the development of our trade relations.

"Already in 1983, the first results of this favorable atmosphere had begun to appear following Prime Minister Papandreou's visit to Algeria in May 1982.

"Greek exports have risen by 42 percent and prospects for 1984 reveal the same optimism. At the same time, the list of Greek products being exported is expanding. We specifically mention the number one position being held by cement, agricultural goods (wheat, tobacco and raisins) and chemical products.

"Algeria's economy can also absorb a whole series of other Greek products. For introducing new products on the Algerian market there is need for continuing efforts on the part of Greek exporters and also a broadening of personal contacts with Algerian firms. In this way the favorable atmosphere that has been created will expand further.

"Finally, the need for a regular maritime schedule is clear. This will facilitate the sale to Algeria of Greek goods, goods that are now being procured from others."

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CSO: 3521/215

BUSINESS VIEWS SHOW FLAGGING ECONOMIC HOPE

Athens I KATHIMERINI in Greek 11-12 Mar 84 p 2

[Article by Th. P. Kassimis]

[Text] The much-publicized recovery of the economy is becoming more and more distant, while industrial activity is entering a new, dangerous stage of recession. This opinion is expressed by industrial circles who stress that recent government manipulations in the economic area have swept away the last hope for a more realistic policy capable of igniting the procedures for recovery.

From his side, Minister of National Economy Ger. Arsenis, in the presentation on the economy's prospects which he will make next Wednesday, 14 March, is certain to reiterate the government's optimism about recovery which will be delayed again, however, for the second six-months of 1984.

According to information, Ger. Arsenis will use the agreement on establishing an aluminum unit which he signed with the Soviets to artificially inflate the level of investment activity. This is the reason he postponed his statements which had been planned for last Thursday, 8 March. Despite all this, however, he will be in a difficult position since he has no data to support his optimism and, specifically:

1. Inflation is running in 1984 at higher rates than the previous year.
2. Exporting activity has decreased even more and the National Exports Agency, where it has been involved up to now (oranges, lemons), has had negative results in relation to those of private initiative in previous years.
3. The much-publicized, programmatic agreements for exports (flours, pastries) not only did not solve the problem of underemployed industrial manpower, they flagged completely because of government manipulations.
4. The business climate shows a deterioration because of the increase in stockpiles of finished products, and the unfavorable prospects as concerns orders both domestically and abroad.
5. There has been a total failure in attracting capital from abroad, and the fall in influx from invisible receipts is continuing.

6. The private sector's investment activity has been restricted to the minimum, to a point where not even "maintenance investments," which are among those considered compulsory for industry, are being realized.

Within such a climate, business factors consider it certain that industrial production will plunge in coming months, which will be a new blow to the competitiveness of Greek products. Contributing to the decrease in production will be the great increase in the cost of production, which is being burdened incommensurably to the economy's possibilities. The "astonishment" expressed by circles from the Association of Greek Industrialists when DEI [Public Power Corporation], without any warning, announced the 25-percent increase in electricity for industry, a percentage much higher than the inflation rate, is characteristic. Industrial factors called this increase clearly inflationary and pointed out that it is the first time the government...is making allowance for a portion of inflation in the rates of public-service enterprises.

The decrease in industrial production will also result from continuation of the price policy followed by the government. Despite the very sympathetic statements and assurances of the new minister of commerce, Vas. Kedikoglou, concerning a price truce and recognition of the actual cost of industry and handicraft, the reality remains different. As an industrial factor stated characteristically, "The difference between Moraitis and Kedikoglou is that the latter keeps up appearances."

All the branches of industry, led by the flour industry, have been facing their transformation into problematic enterprises in the last two years because of the market policy followed, and it is not accidental that many businesses have decided to decrease their production themselves, the object being to restrict the total losses. It is not accidental that semolina production has been restricted to the minimum, with the result that, for the first time, the likelihood of covering the needs of the Greek macaroni industry with imports from...Turkey is being faced (trial imports have already occurred). "In a production of 5,000 tons, I have a loss of at least 30 million drachmas," maintains a flour miller. "If I limit semolina production to 2,500 tons, it is certain that I will cut my loss in half. And I am doing this."

This compulsory decrease in industry's production not only intensifies underemployment but hurts even more the competitiveness of Greek products.

Despite all this, the government does not seem inclined to deal with the situation realistically. On the contrary, at this time government policy appears more confused than ever. It is worth noting the following phenomena which have been observed recently:

1. The new minister of commerce gets an order from Prime Minister A. Papandreou to make an "opening" to the production groups, particularly small and medium-sized businessmen. Thus, both in private and in his open discussions, he supports the legality of commercial and industrial profit and the fact that a business cannot operate very long at a loss.

At the same moment, however, an order is given to the appropriate services in the Ministry of Commerce to "recommend" that the 20-days advance-notice for implementing

increases be extended to 40 to 60 days. At the same time, the "old trick" is being repeated, and every week they ask for some new justificatory document from the enterprises, so the date for starting the time-limit is delayed correspondingly. It is characteristic that industry has been asked to submit the balance-sheet for the 1983 fiscal year, which of course has not been issued yet.

2. Prime Minister A. Papandreou, speaking to the nomarchs, stresses that "it is not possible for the party machinery and the councilors to interfere in the administrative area." At the same moment, nothing can move in the productive groups' area without the "knowledge" of the various councilors, in contrast to the service factors who continue to be out of commission.

4. Minister of National Economy Ger. Arsenis talks in New York about the significance the government gives to the role of private initiative. A few days later he comes to Athens and declares, enraged, that he will continue his policy in the sector of problematic enterprises and that he "will proceed in implementing the government's socialist targets."

The fact is that, in view of the June elections but also the messages the governing party is getting from the base, an effort is being made to satisfy everyone. But it appears this policy is no longer convincing. It is characteristic that, despite the "Kedikoglou opening," in the Commercial Chamber of Athens elections, the ballot of the "front" (PASOK-KKE-KKE Interior) fell from the 35 percent it had in 1982 to 18 percent.

"This fall," maintains an old businessman, "is owing not only to the situation prevailing in the market, but also to the fact that we no longer have any confidence in the government."

In fact, it appears that no productive group is inclined any longer to accept any government assurances whatsoever about...tomorrow. Only with specific acts could private initiative be persuaded to continue the struggle for recovery. But the government does not seem willing, or is unable, to proceed to such acts. Particularly when we are in a pre-electoral period. Thus the impasse grows and it is doubtful if, after the first six months, the crisis can be confronted with orthodox means.

9247

CSO: 3521/201

TOP INDUSTRIALIST FEARS SECTORAL COLLAPSE

Athens POLITIKA THEMATA in Greek No 492, 9-15 Mar 84 pp 22-23

[Text] The continuing--and intensifying--crisis in the industrial area, in which the deadlock is being pushed more by the uncertainty, but also confusion, about the intentions of government policy, with the Damoclean sword of socialization and "socialistic transformation," suggested to POLITIKA THEMATA the idea of an investigation among industry's top spokesmen who have been at various times presidents of the Association of Greek Industrialists [SEV]. The investigation begins in this issue with the answers of Dim. Kyriazis to POLITIKA THEMATA's questions.

Dim. Kyriazis acted as president of SEV (1978-1982), general secretary of TTE from 1955 to 1964, general secretary of ELKEPA [Greek Productivity Center] (1961-1962), general secretary of the Ministry of Public Works (1975-1976), president of IGME [Institute for Geological and Mineral Research] (1976-1978), member of the Administrative Council of IOVE [Industrial Research Institute], and is presently president and managing partner of NTEXION ELLAS, a metal structures industry, president of PANOTEX (particle-board industry) and vice-president of the Administrative Council of TITAN Inc. and member of the General Council of the Bank of Greece.

Question: The government has repeatedly proclaimed that it considers industry a branch of strategic importance because it decisively influences the development of all the other branches of the economy. Today, after 28 months of government policy, do you think this priority has been implemented?

Answer: The desire undoubtedly has existed. And it has been expressed with proclamations, but also with--few, perhaps--specific policy measures. The results are poor, however. Industrial investments continue to be stagnant, industrial production has lost ground since 1980, employment in industry decreased for the first time in 1983, exports are falling, industrial companies with losses are proliferating and problematic ones are multiplying. All of the data show that not only have we not entered a course of industrial upgrowth as the government planned, but, conversely, our industrial base is being downgraded and the danger of our entering a phase of deindustrialization is now visible.

It is clear that, under the present reality and conditions, the government needs to take new decisions in order for modernization of industry to proceed and for the appropriate restructuring to occur to promote competitiveness and employment.

Question: The above targets are not disputed by the government. But do you believe that the public sector's role, as it is in fact manifested with its constant intervention at the expense of private initiative, can become positive for the government targets?

Answer: There is really a general acceptance about what must happen. But, at the same time, there are clearly divergent opinions about how it must happen and, mainly, who will be the agents to accomplish it. The problem is complicated even more by "dogmatisms" about mistakes of the past and visions of the future which create confrontations and clashes. I believe that a pragmatic approach might put the question as follows:

Which sector of our economy is able at present to give the push which is needed? According to government proclamations, the economically active agencies are: First, the public sector; second, that which is called the "social" sector (in which are included cooperatives, popular-base companies, companies with local self-administration); and, third, the private sector. Which of these sectors can take the lead in the recovery?

I believe that the public sector does not have the possibilities of giving the push which is needed. The reasons are well-known: bureaucratic inertia, lack of experience and officials for the innovative and quick decisions required, low productivity. The "social" sector has not yet made its existence felt, nor can it produce results in the foreseeable future. If we add to this sector socialized enterprises, then its activity must be negative because not only is it unable to mobilize itself effectively, but, on the contrary, it absorbs costly resources from the economy which could be used more productively elsewhere.

That leaves us with the private sector which is, in my opinion, the only active agency which can at present give the push which is needed. I am not overlooking the problems and weaknesses in the private sector. But I believe that it has the dynamism to overcome them if only the government's policy recognizes reality and helps it.

Another choice, which would place priorities differently, not only would be economically inefficient but would impede realization of the government's targets on the social level. Because it would absorb more resources from the budget, while, at the same time, the shrinking of the private sector would directly and indirectly restrict its receipts, thus decreasing the government's possibilities of promoting any social policy whatsoever.

Question: The government, and the prime minister in particular, often talk about an increase in productivity, a key theme in our country. This is connected with investments as much as with importing new technology. But both needs presuppose creation of a stable perspective and long-term planning for the businessman--elements which, as relations between government and industry are developing, at the moment at least, are placed in doubt. How should the relations between government and industry be demarcated?

Answer: There is a real need to restore the business' possibility of anticipating, within a reasonable field of time. The constant changes in the economic policy,

the plethora of new legislative regulations, the confusion relating to the boundaries of extension for the public and social sector are paralyzing every initiative. In order to be placed again in forward motion, the economic mechanism must have confidence restored. It must be made known, with some degree of certainty, that things are going to be moving in the future. After the boundaries of extension for the public sector are clearly demarcated, there must be an assurance that the extension will stop there. The operating conditions for the private sector must be defined with clarity and its relations with the corresponding or overlapping activities of the state must be cleared up. The example of the policy which President Mitterand followed on the issue is, I believe, very useful in the case of our country also.

Question: It has been maintained by the government that Greek industry has gone forward while looking backward. The investments which have been made, and the accumulating of industrial capital, has had as its center of gravity sectors of declining importance. And we are all witnesses to the fact that the government has preferred to socialize large enterprises in the sectors of declining importance rather than turn to what it proclaimed originally: the need for new productive orientations. What is happening in this direction and what, in your opinion, must happen?

Answer: I do not share the opinion that Greek industry has gone forward looking backward. I believe that the distribution by branch of investments may not have been the only one economically possible, but it certainly was very productive. Furthermore, this is shown by Greek industry's significant quantitative advances in the last 20 to 25 years. The branches of Greek industry have at present possibilities for development, each to a different degree, of course, if only the prerequisites exist for their exploitation. Even many of the so-called "traditional" branches have been shown to be particularly durable from the standpoint of viability in international markets. With the industrial base at our country's disposal, most branches can proceed today to specialization and investments for modernization, mainly by applying advanced technology to their various operations--productive and administrative--and to a substantial expansion of their developmental possibilities, which have been anything but exhausted. In other words, I believe that in new investments, great weight must be given to investments for applying advanced technology which is able to happen in the existing industry with immediate, spectacular results. Thus the international market's products of peak technology will be used so we can produce with conventional production units more competitive products. In this sense, I consider that the emphasis given by the government to upgrading the branches of industry underlines the great possibilities there are in existing industry and disproves in some way the accusations concerning distorted industrial development. And for the process of upgrading, I believe that socializing enterprises will act in a restraining way.

As concerns the need for new investments for products of peak technology, prerequisites are required which at this moment do not exist, such as research, specialized manpower, venture capital which will not come from the money and capital market which serves conventional production branches, and finally an extensive and original marketing. Great care is needed because, with what the government is announcing at present, we may be led to production with a large cost and we may have great losses. Whereas, we can enter this sector, based on international experience, from another road. And in this case the role of new small and medium-sized businesses will be a leading one.

Question: At present the relations between industry and government seem strained. Private initiative in the area is facing, beyond the crisis, psychological impasses and uncertainties. This climate immobilizes production and intensifies the impasses. There is an immediate need for this state of doubt to be cleared away. If the feeling of responsibility and cooperation, not of confrontation, is what, according to many people, led the United States' economy to a phase of recovery, perhaps we also should find such methods? And in this case, what do you think is the most appropriate method which will lead in this direction?

Answer: There is probably not a most appropriate method. There are, however, methods which can help in improving the climate. One of these is, as I mentioned, clearing up the boundaries between private initiative and the state and the clear assurance that the private sector will be left to operate in an environment of free competition. I believe that there are still margins for cooperation and that, despite the setbacks and difficulties, there can, and must, be found a language for communication between industry and government, since their choices often coincide and the problems concern both sides equally. But I believe, as I said in the beginning, that under the present reality and conditions, in order to obtain a cooperation which will ensure satisfactory production and employment, avert the deindustrialization of our country, and put us on a path of industrial ascension, it is now essential for the government to take new decisions which will change the existing economic behavior.

9247

CSO: 3521/201

INDUSTRY CHAMBER PRESIDENT CRITICAL OF STATE INTERVENTION

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 1555, 23 Feb 84 pp 55-56

[Interview with Athens Chamber of Commerce and Industry President Lazaros Efraimoglou by Ath. Kh. Papandropoulos; date and place not specified]

[Text] In the frameworks of the investigation we are carrying out relating to the issue, vital for the Greek economy, of our country's problematic enterprises, but also of the possible solution which can be given to this, particular weight is held by the opinions of the president of the Athens Chamber of Commerce and Industry [EVE] and of the Union of Chambers of Greece, Lazaros Efraimoglou, who in his capacity represents many thousands of Greek industrialists, merchants and craftsmen.

A man with experience in economic and business matters and a successful businessman himself, Lazaros Efraimoglou has been fighting hard, for quite a few years, for the progress of Greek private enterprise because he believes it can offer much to the national economy, if, of course, the necessary possibilities are given to it to be developed and modernized. All these add special weight to what the Athens EVE president expresses below:

Question: Mr. President, at a swift rate more and more primarily industrial enterprises are becoming problematic and are either closing their doors or passing over to the public. In your opinion, what factors have contributed and are contributing to this development and what dimensions could the whole issue take?

Answer: First of all, I should point out that the fact that many commercial and industrial enterprises have been "made problematic," if it most gravely harms their owners, hurts even more the employees, either salaried ones or laborers, but also the country's economy. The workers of Greece are in danger of remaining without productive work, and the economy without resources.

At the same time, this phenomenon undermines the institution of private enterprise, a thing particularly unpleasant for economic freedom and activity. In addition, the creation of problematic enterprises negatively influences certain crucial economic and social magnitudes, such as employment and the balance of payments. Because the decrease in jobs resulting from the existence of problematic units has serious social extensions which are becoming even more unpleasant with the consequent decline in production and increase in imports.

And all these naturally have multiplicative effects on the economy, one of which is the decrease in the public budget's receipts which entails additional tax burdens on all the people or fewer social benefits. Now, as concerns the reasons for the situation which has been created, I must say that we are in the midst of conditions where the majority of enterprises are operating with loss-producing results. The high interest, great increase in the debts in drachmas because of devaluations, special capital taxes, market immobilizing of prices domestically despite large increases in the cost factors, decline in productivity, and other reasons have created the present situation, which is leading in explosive directions.

Question: Aside from the above negative factors you point out relative to the creation of problematic enterprises, do not the businessmen themselves have significant responsibilities? Were not many problematic enterprises victims of poor management and lack of a business culture?

Answer: If one judges from Greek private industry's total performance in the last 30 years, I do not think he should be displeased. The numbers are impressive, whether or not this is disputed by the enemies of our present social system or those who perceive its function differently. There are quantitative data which show us that Greek society, from want, has entered into wealth, which today allows it luxuries unknown in other countries.

From this viewpoint, the fact that Greek industry, in the period 1953-1970, developed at an average rate of 8 percent a year, and so its participation in the Gross National Product, starting from 14 percent in 1953, reaches 30 percent and more today, is characteristic. The same thing happened with exports. While industrial products had only a 20-percent share in 1956, today it surpasses 70 percent, and this does not mean that the margins are used up.

It is clear that throughout the post-war period Greek private enterprise has contributed substantially and significantly to the increase in the national wealth. And, contrary to what is maintained, this was not realized under always ideal conditions. Nor without mistakes. However, the present structural weaknesses observed in the heart of the Greek private business unit and the mistakes which have perhaps occurred, do not justify the anger against it or its defamation. On the contrary, they should create deliberations as regards taking corrective and modernizing measures, not as regards demolishing the productive mechanisms.

If in certain, now problematic enterprises deficiencies in their organization and management were observed, among other things, this in no case is the sole reason for the phenomenon. The creation of problematic enterprises, which as you know is not unique to Greece, is a result of very complicated procedures and various factors, and it requires anything but naivete to analyze and deal with them.

The fact that we say the "bad" industrialist is to blame for the problematic enterprise, and it is enough to get rid of him for all to go well, is dangerous mental and economic behavior which will lead to tragic impasses. When we have to deal with a sickness, our object is not to take exorcisms for a cure, but to fight the disease. Up to the moment, however, there have been no signs of actions toward the correct therapeutic procedures.

Socialization Ineffective

Question: How do you view the issue of socialization of problematic enterprises?

Answer: We have no precedent of a state agent undertaking administration of a company which, as a result, had an operation with a smaller cost. Moreover, it is not possible for the experience, incentive, entrepreneurial talent and immediate decision-making of the private businessman to be replaced with any other abilities of the appointed government official who neither possesses the many years of experience in the specific business nor knows the conditions of the local and international market. The difficulties of economic reality are not offset with good intention and certain theoretical notions only, even more so when whether the officials stay in their positions depends on factors foreign to the successful or unsuccessful exercise of their jobs. Also, no administrative council with many people and a dissimilarity in its composition will undertake the responsibilities and risks for activities in new markets, new products, innovations and generally decisions with an uncertain outcome, which are indispensable, however, in the conditions of international competition in which we live.

I fear that, instead of having created profitable enterprises which will produce internationally competitive products and will pay taxes, we will have enterprises which will be subsidized by society as a whole. And if we deindustrialize our country, with what production will we create the earnings which we had up to that point? Who will maintain those employed in the public and socialized sector, who are constantly multiplying?

Question: Under the present conditions, and facing the existing danger of the country's productive potential being seriously shaken, in your opinion, what solutions could be given to the problems being created by the existence of tottering enterprises?

Answer: Both I and my colleagues in the other Greek chambers of commerce and industry, with few exceptions, know that the cure to the problems which the Greek economy is facing in its microeconomic branch is very difficult. At the same time, however, we believe that the confrontation is more effective if we are all aware of the true effects which the present phenomena have on the economic life. Also, in our opinion, the problems are not solved advantageously with a lining-up of opposing "camps," but with cooperation, a dialogue, and solutions which are realistic and economically correct.

In the frameworks of a clear consideration of the whole issue, our job necessitates our pointing out to all the workers, laborers, employees, businessmen and citizens in general the repercussions which the present events will have on the future of all of us.

What Private-Economic Criteria?

Question: What did you think of the opinion which was expressed officially, that the problematic enterprises will "not become refuges for the unemployed and will have to operate with private-economic criteria"?

Answer: I think there is a kind of black humor in this phrase. What private-economic criteria were we talking about, when such a development preconcludes nothing. When there are socialized enterprises which undertake state supplies by commission, this is private-economic behavior? The financing of these businesses with more favorable terms is a private-economic criterion? I think, unfortunately, that, on issues crucial for the economy, there is an abuse of the real problems, nor are they being rationally faced.

Beyond this, as regards the meaning of the private-economic criterion, there is another question which relates to management of the so-called socialized enterprises. Specifically, I would very much like to learn whether the enterprises which have been socialized will, like the other, private enterprises, have a goal of presenting a balance-sheet with positive results? Or will they follow an invoice policy unrelated to this pursuit?

Question: From what I understand, you are pessimistic about the productivity and efficiency of socialized enterprises.

Answer: Of course. Because, I am of the opinion that, despite official assurances to the contrary, the socialized enterprises will have preferential treatment. Based on certain data published in the press, which went unrefuted, I am very much afraid that the government's intention is for certain enterprises, the socialized ones, to be more "equal" than the other private units.

This fact creates for me a second, crucial in my opinion, question: Keeping a loss-producing socialized enterprise alive for social reasons--that is, so unemployment will not be increased--with technical means, namely, with government indirect or direct subsidies, will it not turn out in the end at the expense of some other similar enterprise? And the latter, if we take into consideration the fact that, in the short-term at least, the aggregate demand cannot be altered appreciably, will it not be forced to decrease its production or sales, with the result that its profits are restricted, and eventually to close its shop or factory?

It is clear that under such conditions, which do anything but promote the restoration of business, the exercising of a social policy, that is maintaining jobs through preferential treatment of certain problematic socialized enterprises, turns out in the end at the expense of another group of workers who most probably will lose their work because their business closes. Moreover, by following this policy, the state appears to be rewarding failure and punishing success since the policy followed leads to the closing of enterprises whose only mistake was the fact that they were competitive. In other words, enterprises will be punished not because they had bad management and low productivity, but precisely for the opposite reason.

Question: According to opinions I have collected, the favorable treatment of socialized problematic enterprises will be temporary and will occur specifically to give them the opportunity to become competitive. You do not find such a thing fair?

Answer: I have also heard this opinion you are telling me. But I have many reservations about it, because such assertions create for me additional questions which, in my opinion, are reasonable. How is it possible for an enterprise which has been loss-producing for a number of years to be transformed abruptly into a profitable one without changing the environment within which it is reactivated?

From another side, how is it possible for this enterprise to be restored when it promises it will sell its products more cheaply than the other enterprises in its branch "in order to serve the consumer"? Unfortunately, those who express such opinions either are pretending they are ignorant of reality, or they really do not know what is going on. Therefore, it should be considered very likely that the problematic socialized enterprise unfortunately will continue, even after its socialization, to be loss-producing, with the only difference being that this time the losses will be covered by the public budget, that is, all of society, the technical consumer.

It is, we believe, unquestionable that the policy being followed in this sector not only is not going to give relief to our national economy, but will create for it additional serious problems.

Facing this situation, the duty of representatives from the productive groups is to immediately sound the alarm to draw the attention of the state to the huge dangers which continuing the same policy involves for the country, and to call on it to map out, in cooperation with the productive groups, a new developmental policy which will have as its targets replacing a climate of confidence between the government and the business world, improving the Greek enterprise's productivity and competitiveness, and restricting government interventions in the economic area.

Every delay in changing course in the area of the economic policy followed means one more step towards the weakening of our productive and commercial potential, means destruction of many years of efforts and arduous labor, means dissipation of national wealth.

I believe we do not have the right to be indifferent in front of these developments or to put off until later our intense opposition. Because in this way not only do we significantly restrict the effectiveness of our intervention in case our suggestions become acceptable, at the same time we weaken the voice of the productive groups at moments critical for the commercial-industrial world and the national economy.

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CSO: 3521/201

GREEK MARITIME COMPANIES UNDER HEAVY DEBT BURDEN

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 1533, 9 Feb 84 p 69

[Text] The level of indebtedness of Greek maritime companies to banks is impressive and has caused a wave of impoundings, about which we wrote in detail in a previous issue. According to certain information, at least 28 foreign banks and credit organizations have contributed up to approximately 650 million dollars towards the realization of a very impressive, for market conditions, development program in the Greek shipping industry which translates into the purchase of 95 ocean-going vessels and 13 newly built ones during the period June-October, 1983, alone. Not included in this sum and the previously mentioned foreign banks are other financial organizations, which granted loans to Greek shipowners with agreements concluded in London and New York.

Involved in this lending to the Greek merchant marine are nine American banks, three Canadian, three British, five German, two French, two Dutch and one Greek.

City Corp Bank can claim involvement with the largest loan, followed by Chase Manhattan while Morgan Guarantee has an impressive partnership in a financial consortium that granted loans to Mr. Gr. Kallimanolopoulos and Mr. Papakhristidis. Other shipowners, who were granted loans by the banks we mentioned, are Messrs. G.P. Livanos, Khatzielevtheriadis, Peratikos, Drakopoulos, E. Ngoumas, Onasis, etc.

It is, therefore, natural for the Greek merchant marine, under the present conditions of the market, to be particularly vulnerable and to depend on the good will of the banks whose policy appears to be influenced by other factors beyond traditional relations with their clients.

The present situation, which began to develop, for starters, with the "Elliniki" matter, will surely soon answer a question posed, at the close of his address to the Shipowners' Club, by Mr. K. Grammenos, director of the International Center of Merchant Marine and Merchant Marine Financing of the City University Business School, on the subject of the "Problems and Prospects in the Financing of Merchant Marine by the Banks."

"The experienced banks," he said, in closing, "show greater understanding and, during times of crisis, tighten their relationship with their clients who need assistance. However, a question arises: if the market conditions do not improve in 1974 [sic] and the liquidity of the merchant marine companies continues to

worsen, will the banks continue their support, within the context of the policy of understanding, of the problem-ridden enterprises or will they choose a harder line to cope with them?"

Already, even before ascertaining whether conditions will improve in 1984, the banks have changed their policy and, instead of continuing to do what they have traditionally done, that is, help their shipowner client survive in such a way that his recovery would ensure the repayment of his debts, they have simply chosen to check their losses at some point, something, of course, that turned out to be at the expense of the indebted Greek ship.

As to how disturbing the situation is for the Greek flag shipping industry is revealed by recent statements of the minister of Merchant Marine, Mr. Ger. Katsifaras, in which he expressed the willingness of the government to assist Greek shipowners. This assistance appears to be expressed through government initiatives with the foreign banks, assuring them of its conviction that the Greek shipowners will weather the crisis. In the context of these contacts, there is also the possibility that the minister of National Economy, Mr. Ger. Arsenis, in his contacts with financial officials in the USA will touch upon the problems of the Greek merchant marine and specifically on the difficulties that it presently faces in its dealings with the foreign banks, especially the American ones.

The case of "Elliniki" is so impressive and created such a sensation among shipping circles--because it was seen as an omen of a new, hard banking policy, something that later came to pass--that the international press continues to be interested in this case in a special effort to find out the reasons for its bankruptcy.

The reliable French magazine, JOURNAL DE LA MARINE MARCHANTE, writes on this subject :

"The lightning conversion of 'Elliniki' from traditional commercial transports to a container fleet, which has swallowed the tremendous sum of 320 million dollars in investments, was unable to be smoothly assimilated by the company's fleet. Between 1982 and 1983 'Elliniki' increased its fleet in containers from 28,000 TEU [Twenty Foot Equivalent Units] so as to reach 45,00 TEU between now and 1985. These decisions, relative to the ambitious development program of the company were made by Mr. Kallimanolopoulos during the period 1978-80, that is, during a time when no one could foresee the serious OPEC crisis and when the Middle East still held a top position in the market. During that period, the budgets of many countries of the Arabian Gulf were deficit ones, significant national projects were scrapped or postponed, the CIF [Cost, Insurance and Freight] cargoes were substituted by FOB [Free On Board] cargoes, the surplus capacity was increasing and the charters tumbled by many hundreds of dollars, reaching a level of one quarter of the charters in effect in 1982 in shipping between the USA and the Middle East."

Last May, this particular readjustment operation by the company in record time had been pointed out and the question was posed as to whether this concentration in the Middle East would not create relations of narrow dependence and, therefore, a certain specific danger.

Both of these circumstances, unfortunately, came to pass. Because of the very low level of charters for transports to and from the Middle East, "Elliniki" was unable to preserve the indispensable cash flow and to face the back-breaking interest payments. Ever since last October, Kallimanolopoulos admitted that all the transport activity of "Elliniki" was insecure and compared the situation in the shipping market to the situation in Lebanon, where the various factions were unable to reach an agreement for a coordinated operation.

This ruinous situation caused the delayed payment of the agreed charters, despite the fact that Mr. Kallimanolopoulos was able to spread out his 82.9 million dollar debt that he owed the consortium of the banks, headed by Morgan Guarantee of New York with Continental Illinois Bank, National Westminster of New York and Banque de la Societe Financiere Europeenne, also involved. Despite all this, it appears that the delayed interest payments which reached the relatively insignificant sum of 2.4 million dollars, moved the banks to impound several "Elliniki"s ships.

Thus, 10 to 12 ships were impounded in Jidda, Dammam, Venice, Baltimore, Mobile, and New York and the banks were not alone in demanding their due, but the agencies, the port authorities and the cargo handling companies were as well. As Mr. F. Avgerinos, assistant director general of "Elliniki," has confirmed, the fleet must limit itself to taking cargoes to their destination.

Today, they neither accept cargoes in the United States nor in Europe because of the reigning uncertainty about the future of "Elliniki." The action of the banks has paralyzed all activity, as Mr. Avgerinos stated, explaining that it is mainly the absence of a recovery of cargoes, of a recovery which the Greek fleet had hoped would come in the summer, that had ruinous consequences. Because of this fact, the volume of space occupied was no higher than 75 percent, a fact which in no way permitted covering the operating expenses because of the low level of charters. According to Avgerinos, the program of immediate need and rational organization that was developed could not be implemented because of the fact that by now the banks appear to have lost their patience. Have they perhaps tried to use the "Elliniki" case as an example--especially for the American shipping companies? What would be the result if the banks were forced to buy out their debtor? As opposed to what happened in the case of Cast and the Royal Bank of Canada, there is no prospect of finding a buyer. The first contacts with the Greek government indicate that it appears to be rather cautious as regards aid to or buying "Elliniki."

In the meantime, "Elliniki" is trying to catch its breath by selling its old, traditional freighters. A buyer has already been found for the "Hellenic Leader" and the "Hellenic Pioneer" (10,736 tons capacity each) while the "Hellenic Splendor", the "Hellenic Destiny" and the "Hellenic Laurel" (13,003 tons each) must also be sold.

It is indicative, as well as disturbing that the only transporter of containerized cargoes in the Middle East, other than "Elliniki," "Waterman Steamship" tried to use the so-called Chapter 11 of the US Bankruptcy Code by placing the settlement of the case before a judge of record. Thus, this shipping company obtained a moratorium, which, among other things, prevents the impounding of its ships by former creditors.

INDUSTRIALISTS' SPOKESMAN ON SECTORAL CRISIS

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 1552, 2 Feb 84 pp 53-54

[Interview with N.D. Svoronos, industrialist and representative of the Association of Greek Industrialists, by Ath. Papandropoulos]

[Text] In the context of the research that we are conducting on the critical problems that the problem-ridden corporations create for the economy of Greece, we had an interesting conversation with the representative of the Association of Greek Industrialists (SEV) and member of the Commission that worked on the bill for the establishment of the Organization of Problem-ridden Enterprises, Mr. Nikos Svoronos. An industrialist himself and president or administrative counsel for a string of enterprises, the first being "Viosol, Inc.", Mr. N. Svoronos is considered to be an able businessman who combines the spirit of tradition with that of renewal. From that point of view he is, perhaps, one of the most qualified persons to answer our questions in the context of this research on the overindebted corporations and the effort to solve this great problem.

Question: Mr. Svoronos, it is evident that the Greek industry finds itself at a turning point marked , at this stage of its history, by the existence of many overindebted and problem-ridden industries, many of which belong to well-known names in private business in Greece. In your opinion, how can this phenomenon be explained?

Answer: In order to answer your question, I would like to do a little historical backtracking in order to recall that the history of Greek industry is relatively recent. More specifically, I would refer to 1950, which, for our country, means the end of the war and the beginning of peace. There existed then some industry in Greece, but it was very small.

In the meantime, there were men in those days who believed that the economic and social development of a country could not be conceived without the fundamental support of industry. Therefore, under the conditions then prevailing in our country and with the various businessmen, merchants, shipowners and engineers, etc., who converted their wealth into industry, the development of Greek industry took place.

The beginning was undoubtedly successful. However, it is a fact that for industry to move ahead, modernization and expansions are necessary, a fact that

capital is necessary. Thus, when the capital of those who set in motion the industrial sector by investing in its development was exhausted, they then had to find new sources. Consequently, they turned to other sources for procuring capital such as through mergers, the Stock Exchange and the banks. In this respect, it must be emphasized that, despite many mergers, their number was insufficient. With regard to the Stock Exchange, it is true that it was always weak. Thus, after certain laws governing development were passed and industry turned to it successfully, the government placed the Stock Exchange under market inspection control (if I remember correctly, 1 percent per month). (Editor's Note: Mr. Svoronos evidently means the pertinent provision of Law 876/79 according to which the president of the Stock Exchange is permitted to halt the trading of a stock when its price, during a session shows unjustified and abrupt fluctuation. The right of such intervention by the president of the Stock Exchange is granted by a decision of the Money Market Commission in the event the price of a stock rises above 10 percent in one day).

Certainly it is unheard of, in a free market country to place the money market under market inspection control. Of course, the result was, for the depositors to vanish and for this source of procurement of capital to actually close. There was also the recourse to banks, a recourse that was manifested either by sharing the capital of the enterprise or by borrowing. The banks, of course, preferred making loans especially because they received better returns.

Was There Over-Borrowing?

Question: Since you spoke about borrowing, should we not mention the over-indebtedness of Greek industry? Was not there over-borrowing? Otherwise, how can the present disappointing relationship between private individuals and foreign capital be explained in the largest Greek industrial enterprises?

Answer: I do not know whether the relations between private individuals and foreign capital are proper or not, but I do know though that where a money market exists the relationship is more favorable. There is a generalized criticism concerning the borrowing by Greek industry, which, however, is cause for considerable debate. Naturally, no one overlooks the fact that there have been a great many mistakes made, but this is negative criticism. That is to say, it maintains that industry (as a whole) was granted loans wrongly, without suggesting what should have been done and where the development of the Greek economy would be today without the loans from the banks. We do not check this aspect of the problem too closely as we do not consider the circumstantial situation. Thus, we approached the 1977-78 years when the great international recession began with the consequent freezing of prices, the special taxation and the high interest rates in Greek industry. It was then, I believe, that the first problem-ridden enterprises emerged.

Question: In your opinion then, the reasons that contributed to the creation of the problem-ridden corporations are circumstantial. Are they not organizational inadequacies as well?

Answer: The problem-ridden corporations are the product of many factors, of which the most important ones are:

The history of the development of Greek industry;

Our banking system, within whose framework the market is financed through industry. That is to say, industry goes into debt by financing the market, while the bank, simply because of the system, acts as guarantor;

The lack of security of the commercial notes burdens the industry and, in the end, turns into a 24 percent interest loan to industry;

The special taxation on what were later proven to be nonexistent windfall profits for industry. Although I believe that when we have supplemental taxes as often as we do (three in the past few years), then they are not special any more, but, for the industry, they turn out to be a tax on manufacturing.

The price freeze or the arbitrary fixing of prices (the losses are converted into loans at 24 percent interest);

The high interest rates;

The over-optimism or miscalculations of certain industrialists;

The governmental apparatus that, even when it provides the right solutions, does so so late that they are economically unfeasible;

The delayed return of interest, duties, documentary stamps, etc. (in order to deal with them, recourse is made to loans at 24 percent interest).

Question: In addition to the above-mentioned reasons that you pointed out, are there not also the factor of inefficient management and the human element in general?

Answer: As I previously mentioned, there are in every area of economic and social life, good and bad examples. The Greek industry is no exception to this rule. Within it there are positive and negative elements. The latter, however, are few and they cannot be used for generalizations.

Question: Based on the present situation, what solutions might be applied to the matter of the problem-ridden corporations?

Answer: In the first phase, it is necessary to help as many of those industries that are not subject to the law concerning the problem-ridden enterprises. In this context, the reasons for their difficulties should be examined and the indicated solutions applied. It is necessary to do something like that and not the opposite, which often constitutes the easy solution for both the government and the bank as well as the businessman.

Later on, from among the enterprises that are judged to be problem-ridden, those judged to be non-viable should be closed under clear criteria. Of course, the closing of an enterprise creates many problems, especially unemployment. The problem will be solved more easily if we face it directly than by keeping alive an industry that is economically unfeasible merely to keep available a

a number of jobs. It is a mistake because then we will not deal with the real problem, which is unemployment, but with the losses of an enterprise.

Finally, those industries judged to be viable must operate under clear economic criteria and not at the expense of other non-problem-ridden companies (for instance, preferably by granting contracts by the government or other organizations, easier borrowing from banks, etc.) because then the entire sector will become problem-ridden. Caution should be exercised in order to avoid having problem-ridden enterprises creating more problem-ridden ones.

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CSO: 3521/193

SMALL REDUCTION IN UNEMPLOYMENT FIGURES POSTED

Oslo AFTENPOSTEN in Norwegian 1 Mar 84 p 34

[Article by Truls Martinsen]

[Text] The number of unemployed persons was reduced by 2,800 during the month of February, amounting to 76,900 by the end of the month. That corresponds to some 4.5 percent of Norway's total workforce. The reason behind the reduction in unemployment is first and foremost that government intervention on the labor market began to be effective again after the first of the year. On the other hand, there will little in the labor market itself which contributed to the reduction in unemployment.

The situation was virtually unchanged in every county except Nordland, where there was a marked decrease in unemployment in Lofoten and Vesteralen. This was the result of the Lofoten fisheries getting off to a good start, according to what work director Reidar Danielsen told AFTENPOSTEN. Oppland showed an increase in employment in the tourist trade, resulting from the opening of the winter vacation season. On the other hand, Oslo showed an increase of 200 in the unemployment level, amounting to 3,900; but unemployment continues to be relatively low in the capital. It is more worrisome, perhaps, that Bergen showed a similar increase in unemployment. In addition, almost all of the county labor offices expressed concern over the employment situation in the construction workers' unions.

"The decrease in unemployment confirms that government intervention on the labor market has been effective," Undersecretary Kjell Stahl of the Labor Department said to AFTENPOSTEN. "The new government measures which have been announced will further contribute to reductions in unemployment. But at the same time the situation is such that the underlying reason for the high unemployment figures is still there, namely, the imbalance in our economy. We must not give up our long-term efforts to reduce our cost-of-living level," he said. Stahl considers it a positive factor that the current unemployment figures show a decrease in unemployment among younger workers.

"The figures from February confirm that unemployment has stabilized itself at a high level, and that the high unemployment figures for January weren't just a fluke," said Tor Halvorsen, chairman of the Federation of Trade Unions, to AFTENPOSTEN.

'COSTS' OF INFRASTRUCTURAL CHANGE FOR RECONVERSION

Madrid YA in Spanish 20 Mar 84 p 5

/Editorial: "The Painful Costs of Industrial Reconversion"

/Text/ We have pointed out many times that a process of adjustment in industrial policy is equivalent to searching for new productive activities. On several occasions, we indicated that for this to be fruitful, it is urgently necessary to put into effect, with prospects of being permanent, a new energy model, a very stable model for labor relations and another very secure one for foreign relations. We have also reiterated that none of this can come to a good end without having very disciplined policies for public-sector expenditures. But perhaps we have not insisted as we should on the subject of costs that derive therefrom.

If there is some area where we should practice solidarity with the policies of the current government--and in this matter we have been explicit on more than one occasion--it is that the social costs of reconversion should not be minimized. It is well known that a thousand voices that claim that the process is not painful are being raised against the Ministry of Industry and Energy and its policies. It is now time to indicate very clearly that two elements have to coincide for this process of reconversion to come about, and none of them ceases to cause sacrifices.

The first is capitalization itself. All accumulation of savings, the entire sum of investments is something like a tangible crystallization of accumulated sacrifices, of decisions not to consume goods now and not to live better in the present. It is the old moral of the need to save. From the pot made by primitive man to the gigantic refinery, the chain of human efforts, abandoning immediate pleasure to create capital equipment, has been unceasing. This is voluntary at times, and on occasion it is forced, as in the cases of taxation or inflation when they serve to generate investment. But, we repeat, there is an evident cost behind the various outward appearances.

The second element of sacrifice that reconversion requires is the extremely painful unemployment that comes from the industrializing adjustment itself. It should be clear that such an adjustment is required when certain goods in the marketplace are abundant and others are scarce, signaling the urgency initiating a process of productive transformation that necessitates the

production of that which is selling, that which is truly in demand. For the politician, there is always a temptation to do nothing. Why hurt the workers? Why disturb certain geographic locations that are seeing the total or partial shutdown of enterprises that are the source of well-being there? Why alienate masses of voters? Nevertheless, the intent of maintaining costly schemes active with more personnel than needed or of keeping a productive operation that produces things that nobody wants or that makes these things so expensive that their price is prohibitive is, quite simply, a waste that can be maintained only through public assistance. This is normally provided in the form of budgeted aid. It is what is known as--and it is justifiably criticized by everyone--socialization of losses, which always implies the imposition of very severe burdens, or unjust costs resulting from inflationary processes.

The height of temptation is to claim that nothing has changed, but without even requiring the aid of the public sector. In that case, the claim is not attained, because it means, in the very short term, that the affected enterprises literally vanish, totally decapitalized. Therefore, it should be insisted upon that the entire rational process of industrial reconversion save many more industries than it appears to, saving many jobs along with them. The intent of maintaining the productive system intact plunges all industries into the so-called process of savage reconversion, which always generates a very much larger number of unemployed. A good part of the sensational increase in the number of unemployed in Spain is due to precisely this.

It is painful to invest and not consume? Of course. Is it terrible to be laid off or to be forced to retire? Certainly. But remembering the immortal Don Quixote, all of us are in agreement that one cannot catch trout and remain dry. The need, then, is not to avoid all sacrifices, for they cannot be avoided, whether one likes it or not. What is required instead is to see that this comes about within a framework of measures that reach fruition in the shortest possible time in the form of overall increases in production and finally, in substantial rises in the level of employment.

Therefore, what the government is completely right about is in standing up to the consequences of its actions and in staying firm in regard to the harshness of the process of industrial reconversion in the face of demagogy and instinctive reactions. This has to be especially difficult for the government because of its political origin. Therefore, we do not understand how, after tackling the most arduous work, it is unsuccessful in problems that are very much less important: those of planning well, those of negotiating in depth, those of explaining truthfully, those of being contractive in public expenditures and those of producing cohesion in the social body called upon to bear the sacrifices of the reconversion. If we bothered, then this is most irritating thing about current governmental policies: failing in the simplest matters.

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STATISTICAL SURVEY OF UNEMPLOYMENT, STRIKES

Madrid EL ALCAZAR in Spanish 23 Mar 84 p 7

[Text] At the end of January, there was a total of 2,558,500 unemployed persons in Spain, according to the survey of the active population conducted by the National Institute of Statistics, contradicting data on unemployment in January published by the ministry headed by Joaquin Almunia. According to the Ministry of Labor, some 2,432,522 persons were out of work in January.

In the meantime, labor disputes continue to spread, "with a loss of authority by the government, which has been incoherent in its repeated attempts to defend the economic policy objectives outlined by the government and doubly ineffective when one realizes that it is now the private businessmen who are trying, in their collective bargaining, to reach agreements not in contradiction with that economic policy," according to a bulletin published yesterday afternoon by the Spanish Confederation of Business Organizations, which is also expressing its concern over the political origins of many of the current disputes.

Over 2.5 million Spaniards were without work, according to one survey done by the National Institute of Statistics. According to that study, the number of active persons in January was 13,204,500, of which 10,646,000 were employed.

Consequently, the number of unemployed made up 19.38 percent of the active population.

With respect to data from the survey of the active population at year's end, unemployment affected 125,000 more persons, since they then made up 18.24 percent of the active population, with a total of 2,433,600 persons.

Disputes

The total number of strikes counted in February was 448, affecting sectors and enterprises with a total of 3.65 million workers and a direct participation of 1.43 million strikers. This information emerges from the February report on disputes drafted by the technical departments of the Spanish Confederation of Business Organizations, which adds that in that month, the total number of hours of work lost was 22.8 million, an increase of 316.14 percent over the same month of last year.

Concerning the number of strikes occurring, those having to do with strictly labor reasons amounted to 301, affecting 987,296 workers and a participation of 346,915 strikers, causing the loss of 9.38 million hours of work, 197.75 percent more than in February 1983.

By geographic area, Barcelona had the largest number of strikes in February (52), followed by Madrid (46), Seville (22), Alava (21) and Cadiz (20). Based on the number of hours lost, Valencia leads with 1.11 million, followed by Vizcaya (1.04), Madrid (945,408), Barcelona (806,617), Murcia (772,232) and Guipuzcoa (693,826).

With respect to causes, the report in question points out that during the month of February, there was a total of 170 strikes to bring pressure in bargaining over agreements or in order to protest the breakdown of negotiations. Another 22 strikes were begun to back various demands, independently of the agreement. A total of 26 disputes were seeking wage increases and another 102 strikes asked for vouchers for back wages or protested procedures having to do with employment regulation.

For reasons outside the labor field, there were 93 labor disturbances in February. The most important ones were seeking rejection of the industrial reconversion policy and were against the unemployment subsidy.

Likewise, the Executive Committee of the Spanish Confederation of Business Organizations denounced the politicization of labor conflicts, took a negative view of modifications introduced into the system of singular objective estimation for individual businessmen, "which was approved without consulting those affected."

Cataluna

The vice president of the National Labor Promotion Organization, Lorenzo Gascon, said that the increase in the rate of unemployment in Cataluna in recent years (22.22 percent) "is unprecedented in a Western country and is like that of the Third World." Likewise, he referred to Spain's economic situation, stressing the "unstoppable deficit in the national budget," the increase in tax pressure and the "erosion of the image of the businessman by a whole group of social and political sectors. As long as this unfavorable situation exists and the government-backed treasury debt continues at such high rates of interest, it is difficult to see how the money that exists could be channeled to business ventures."

11,464

CSO: 3548/221

OVERVIEW OF NATIONAL DEBT MANAGEMENT

Madrid EL ALCAZAR in Spanish 23 Mar 84 p 11

[Text] In only 12 months, the government's monetary deficit has increased by 48.8 percent, reaching the figure of 257,229,000,000 pesetas in January of this year, compared with 172,875,000,000 the previous fiscal year. At the same time, budget contributions to the deficit remains at levels similar to those of last year.

The spectacular increase in the monetary deficit is the result, according to INFORMACION COMERCIAL ESPANOLA, the journal published by the Ministry of Economy and Finance, of the increase in interest and the variation in financial liabilities stemming from the gradual indebtedness of the treasury. Another factor involved is the delay in execution of the 1983 capital budget, which "resulted in the fact that in December, major payments were made to paymasters."

Likewise, the financing assigned to the government debt experienced an increase of 8.16 percent compared with the amount budgeted a year previously and 36.86 percent compared with financing actually obtained. If the comparison is made in net terms, then amortizations of the national debt went from 93,405,900,000 pesetas in 1983 to 190,058,200,000 this fiscal year.

With respect to the the government debt, treasury debt and special debts, and financing of the national budget obtained for this item during the month of January, the total received was 178,838,700,000 pesetas, with 134,570,500,000 corresponding to treasury notes and the rest, 44,268,000,000 pesetas to Interior loan provisions.

The journal published by the Ministry of Economy and Finance also states that in January of this year, financing obtained by the issuance of investment securities amounted to 52,546,300,000 pesetas, "which drop to a total of 44,010,700,000 when amortizations are deducted." One must add to this sum 10,758,900,000 pesetas, collateral on the foreign debt arranged for the Foreign Financing Fund.

Concerning the foreign debt and notes, net financing during the month of January amounted to 44,122,000,000 pesetas, with 44,268,000,000 being the sum corresponding to the new debt, minus 146 million pesetas in amortizations.

Credits

In the meantime, the indebtedness continues. According to EFE, the financial director of the INI [National Institute of Industry], Javier Salas, signed the Institute's authorization in London yesterday afternoon for the issuance of floating interest bonds for the amount of \$150 million (some 22.5 billion pesetas).

On 8 March, the Institute authorized Manufacturers Hanover, Ltd. Bank to issue those bonds and the operation was later authorized by the Council of Ministers.

The issuance of bonds at a floating interest rate has a total amortization period of 16 years and the option is let to holders of securities, who may be repaid after 8 to 12 years.

The interest rate on the bonds is 3/16 over the libor (interbank interest of the London market) and the commission is .92 percent.

The quoting of these bonds will be done in London or Luxembourg, through securities to the bearer or bearing the person's name in amounts of \$10,000 or \$25,000.

The bank handling the issuance will be Manufacturers Hanover, Ltd., with the Industrial Bank of Japan and the Societe Generale of Paris as co-directors. A total of 29 banks will participate, including co-directors and underwriters.

INI sources have demonstrated their satisfaction over terms of the emission, which they have called "very good" and which are similar to the floating interest issuance recently seen in Spain, where underwriters were rapidly successful in floating the bonds.

The INI is confident that given the strength of the group in charge, the price on the secondary market will be assured.

The Spanish Government has also issued a public loan of 100 million Swiss francs (7.2 billion pesetas) on the Swiss money market, according to an official bulletin released yesterday.

The issuance of bonds is backed by a bank consortium directed by the Banking Company of the Swiss Bank, which includes the country's three major banks: the Union of Swiss Banks, Swiss Credit and the Swiss People's Bank.

It also includes Swiss cantonal banks and six international banks.

The other five international banks are: Morgan Guarantee Trust (United States), Dresdner (the FRG), Citycorp (United States), the National Bank of Paris (France), and Grenfell Morgan Bank (Great Britain).

The issuance of bonds concludes on 30 March 1984, the interest rate is 6.25 percent for a maximum term of 8 years and the price of issue is at par.

The loan will be quoted on the stock exchanges of Basel, Zurich, Geneva, Berne and Lausanne.

Raimundo Ortega, general director of the treasury and financial policy, will sign the loan contract on 29 March in Basel.

11,464
CSO: 3548/221

RAMIFICATIONS OF RESTRICTED FLOUR EXPORT

Istanbul DUNYA in Turkish 29 Feb 84 p 1

[Editorial: "Certain Reasons..."]

[Text] In response to a news agency questioning him about the de facto ban on Turkish flour exports to Iraq, Prime Minister Turgut Ozal said, "There are certain reasons for this at this time." He continued, "Flour exports may be permitted again in the future..."

Considering that a delegation from the Soil Products Office went to the U.S. a short time ago and signed a contract for importing wheat and barley, it may be that Turkey's own needs are influencing this ban on flour exports. This argument is reinforced by the fact that there was a definite decline in Turkey's agricultural production in 1983, with production figures for grain (especially wheat) showing a difference of 2-3 million tons, depending on different sources.

If it is indeed a matter of Turkey's needs, no one can say a word against the ban, even though the \$33 million contract for 200,000 tons of flour was already won and letters of credit were opened. Naturally, the tax rebate on this will become zero and the exports will be subject to registration...

However, developments in connection with the flour contract, which involves only four exporting firms and represents only .055 percent of Turkey's overall exports, tell a very different story. For example, the Soil Products Office itself is selling Iraq 31,000 tons of wheat. One of the exporting firms whose flour exports have been banned will be shipping this wheat to Iraq. Nevertheless, this exporting firm will not be represented on the trip to Iraq which Ekrem Pakdemirli, Undersecretary for Foreign Trade and the Treasury, will be making along with about 200 businessmen...

There are some rather complicated relations in the middle of all of this. Foreign trade is said to have become more liberal, yet differences are seen in the way government decisions and pronouncements are being applied-- differences that can range anywhere from 'arbitration to favoritism'...

In this particular case, Prime Minister Ozal should have stated the reasons instead of passing over them lightly with the word "certain." This is important not only for the sake of the flour exporting firms involved and the Turkish public, but also for the sake of Iraq, which is one of Turkey's leading export markets. Why? ...because rather than considering it a dreadful nightmare that it will not be getting the flour for which it was depending upon Turkey, Iraq has chosen to shift its meat purchasing from Turkey to Great Britain as well. This, of course, is a justified move for a country at war...

One valid justification for the ban on flour exports could be the low prices quoted by the Turkish firms when they got the contract. Low prices, particularly in the case of foodstuffs, are becoming more and more of a problem in terms of Turkey's exports. However, it is necessary to remember that, when quoting low prices, exporters have good reasons for doing so-- reasons based on current economic policies.

One of the reasons exporters are doing this is to be able to close contracts involving low-cost export credits, which cannot be stopped from being used in other areas. This is something that is watched at the base of a firm and punished if necessary.

The more urgent reason for the low prices, however, is the fact that there has been a significant change in the purchasing power of the Turkish Lira against other currencies through constant adjustments in the exchange rate. When an exporter receives foreign currency in exchange for goods he obtains in Turkey with Turkish Lira, he can profit when he converts this back into T.L. even if he sells below world market prices. He also benefits from a tax rebate.

It is natural for exporters to weigh these opportunities provided by the government and to offer the lowest prices that will earn them a profit and guarantee them a place in the competition. However, it is not so natural for the government to do an about-face now and stand in the way of exporters who have weighed its economic policy and made contracts.

12279

CSO: 3554/170

PUBLIC PARTICIPATION IN MARITIME FIRMS ADVISED

Istanbul DUNYA in Turkish 29 Feb 84 p 7

[Editorial by Osman Ondes: "Maritime Firms Must Be Able To Go Public"]

[Text] Article 823 of the Turkish Trade Law concerns a ship's right and obligation to fly the Turkish flag. The Article stipulates that all Turkish ships shall fly the Turkish flag. Ships which are the property of legitimate organizations, foundations, associations or institutions are subject to the condition that the majority of persons comprising the Board of Directors be Turkish.

Article 824 lists the exceptions to Article 823 as follows:
"In the event that a Turkish ship is entrusted to an individual not covered under Article 823 for that individual to operate in his own name for a period of no less than one year, the Ministry of Transportation can, upon request by the property owner, authorize that ship to fly a foreign flag for a maximum period of two years, provided that this is compatible with the laws of the foreign country."

Maritime officials with whom I spoke said repeatedly that the operation of shipping lines in Turkey is being stymied by structural problems. Two shippers can, in fact, merge and form one shipping company, but then the burden falls on the banks, which add public deposits together with their own finance charges and lend out money with interest. Shipping companies have been unable to progress as expected because of insufficient capital, and they have been unable to achieve desired growth in the direction of going public (i.e. selling shares to the public) and becoming joint stock companies because the Turkish Trade Law has stood in the way.

The fact is that when a company goes public, it must be able to sell stock certificates-- more specifically, common stock payable to the bearer. However, the current Turkish Trade Law states that all stock must be registered stock, not common stock,

in order for a ship to be listed in the trade register. If a company goes public, each time an individual decides to transfer his shares to another individual, the status of the shares has to be changed and it becomes necessary to reapply to the Registered Trade Paper and the Ministry of Commerce.

Maritime officials with whom I discussed this matter felt that the current Turkish Trade Law could be modified easily without changing the spirit of the Law. As I stated above, in order for a ship to be able to fly the Turkish flag, the basic provision is that the majority of the shares be Turkish.

Through a few changes in appropriate articles of the Trade Law, the Turkish maritime sector would no longer be just a matter of commercial firms purchasing ships; the sector would have new opportunities for acquiring capital. Shifting the excess capital of firms open to the public away from other sectors and channeling it into the maritime sector would make it possible to turn passive expectations into active capital.

Submitted below for the attention of our government is a statement of justification for an amendment proposal to Article 823/ Paragraph 2/Section 2 of the Turkish Trade Law, followed by a new rendering of Article 823.

Justification for Amendment Proposal

Stock certificates of companies that go public are generally common stock payable to the bearer. In this respect, it is impossible under the current Turkish Trade Law for such companies to purchase ships and have them listed in the trade register.

Article 823 also makes it impossible for companies owning ships to go public by converting a portion of their shares into common stock.

If this Article of the Trade Law were modified as suggested below, it would become possible for the public to contribute capital to the maritime sector without undermining either the spirit or the intent of the first paragraph of Article 823 concerning the control and operation of Turkish ships.

Developmental plans with respect to encouraging and improving the Turkish commercial fleet would thus fall in line with both the government program and the master plan for transportation.

The New Article 823

ARTICLE 823-- All Turkish ships shall fly the Turkish flag. Only ships which are the property of Turkish citizens are Turkish

ships. This includes:

(1) Ships which are the property of legitimate organizations, foundations, associations or institutions, provided that the majority of persons comprising the Board of Directors are Turkish citizens.

(2) Ships which are the property of legitimate commercial firms registered in the Turkish Trade Register, provided that the majority of persons empowered to manage and represent such firms are Turkish citizens, that the Turkish partners in such firms hold a voting majority as stipulated by agreement, and that, in the case of joint stock companies and limited partnerships whose capital is divided into shares, the majority of the stock is registered stock which can be transferred to a third party upon consent from the company Board of Directors.

Ships which are the property of rigging companies listed in the Turkish Trade Register are considered Turkish ships provided that more than half of the shares belong to Turks and the director is also Turkish.

12279

CSO: 3554/170

ND DEPUTY CLAIMS PETROLEUM RESERVES AT LOW LEVEL

Athens I VRADYNI in Greek 18 Feb 84 p 13

/Text/ Former minister and now ND Deputy Athan. Kanellopoulos charged during a debate in the Chamber of Deputies that during the first 2 years of PASOK governing the oil reserves decreased by 1,075,000 tons. He particularly pointed out the difference existing between the data presented by the appropriate minister and the OECD official statistical bulletin. More specifically, Kanellopoulos' charge points out the following:

The fuel reserves in our country (in equivalent tons of oil) dropped from 4,456,000 tons in 1981 to 2,895,000 in September 1983 or 486,000 tons in 1982 and 1,075,000 tons during the first 9 months of 1983.

In a statement he made on 14 September 1983 the minister of energy claimed that on 31 August 1983 the fuel reserves totaled about 4 million tons compared to 4,490,000 tons in 1981. He also claimed that the public reserves dropped from 3,299,000 tons in 1981 to 2,082,000 tons in August 1983, while the private reserves increased from 1,191,000 tons in 1981 to 1,918,000 tons in 1983. Between the figures given by the energy minister and the OECD data there is a considerable difference in reserves--1,100,000 tons.

The OECD data shows that, as concerns fuel reserves, our country is in worse condition compared to other countries since the fuel reserves on 31 September would last only 103.6 days compared to an average of 115.1 days in OECD countries, 123.8 days in EEC countries, 109.8 days in the United States, and 129.9 days in Japan. In other words, Greece is in a far worse position than other countries as far as fuel reserves are concerned. Given that Greece imports 81 percent of the consumed primary energy compared to 51.5 percent imported by the EEC countries, it follows that our energy needs through reserves and domestic production can cover 153 days compared to 241 days for the EEC countries. In other words, the coverage of our energy needs represents 63.5 percent of the corresponding coverage in EEC countries.

Kanellopoulos pointed out that the increasing demand for fuels in the international market may bring about an increase in prices with unfavorable results in the Greek economy. It also reveals that the country has large reserves in gasoline and kerosene and dangerously low reserves in oil and mazut. He finally asked the government to inform the Vouli about the measures it intends to take in the area of the country's oil reserves.

7520

CS0: 3521/203

ENVIRONMENT AGENCY PUTS PRIORITY ON INDUSTRY POLLUTION

Copenhagen BERLINGSKE TIDENDE in Danish 13 Mar 84 p 2

[Article: "20 Million Against Pollution"]

[Text] The Environmental Protection Board is recommending that municipalities prioritize environmental protection if their monitoring of environmental emissions is still insufficient. The additional cost will be 20 million kroner per year.

Many municipalities still have incomplete and ineffective monitoring systems for local industrial polluters. For this reason, the Environmental Protection Board, in a new set of guidelines, is recommending that they prioritize this effort. They should keep a particularly close eye on industries that are known to be especially harmful to the environment.

The guidelines from the board are intended to be a legal and technical tool for the monitoring agencies. In addition, the board wants all counties and municipalities to carry out the monitoring required of them by the Environmental Protection Act. This coordinated effort to improve monitoring throughout the country will cost municipalities an additional 20 million kroner per year. This is the same amount that will be saved by cuts in the inspection of foodstuffs, including a reduction in milk inspection, according to the Environmental Protection Board.

Companies assumed to be especially hard on the environment are those believed to be emitting heavy metals, asbestos dust, and pesticides, as well as companies that store hazardous materials. In its guidelines, the board also emphasizes the danger of industries located near residential areas. Complaints from neighbors are a danger signal.

The guidelines from the Environmental Protection Board will be issued periodically on separate sheets, the last of which will be distributed in 1985. In 1988 the environmental affairs minister will follow up by sending out questionnaires to the municipalities.

INDUSTRIES CONTRIBUTING TO SALONICA POLLUTION

Athens RIZOSPASTIS in Greek 16 Mar 84 p 3

/Text/ Salonica (from our correspondent)--The contribution of industry to pollution from sulphur dioxide is particularly significant in all of the western section of the greater Salonica region, while sulphur is estimated to constitute about 90 percent of the overall pollution.

The above conclusions were made from a study prepared by two officials of the Atmosphere Physics Laboratory of the University of Salonica, namely Khristos Zerefos and Nikolaos Zoumakis, in cooperation with the Environment Protection Council of Northern Greece.

The central heating installations located in the heart of the city contribute to 70-90 percent of the pollution from sulphur dioxide.

Industries and handicraft industries contribute to 83 percent of the overall emissions of sulphur dioxide in the atmosphere of greater Salonica, while 14 percent is attributed to central heating furnaces and 3 percent to vehicles. The main sources of sulphur oxides, especially sulphur dioxide, are industries making great use of fuel oil, such as Esso Papas (it consumes more than 50 percent of the fuel oil used by all other industries in Salonica Nome), the chemical industries of northern Greece (SINK), Ethyl Ellas, the Titan cement works, the Northern Greece Steel Works, etc.

Of the total 1,860 tons of sulphur dioxide emitted in the atmosphere of the Salonica region each month, 1,200 tons are carried out of the region by winds, while 420 tons are deposited in dry form over the city and 240 tons are washed away by rain.

Minister of Northern Greece Intzes made the study public at a press conference. The study proposes installing filters in big industrial plants and it considers this indispensable for the improvement of the environment. Also proposed are a whole series of measures for better monitoring of and research on atmospheric conditons in Salonica

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CSO: 3521/216

ENVIRONMENT MINISTER IN CONTROVERSY OVER ACID RAIN POLICY

Oslo AFTENPOSTEN in Norwegian 15 Mar 84 p 3

[Article by Terje Svabo]

[Text] Recently Environment Minister Rakel Surlien was at the Nordic Council's session in Stockholm and protested strongly the lack of British action against acid rain. Now she is at a conference in Canada to combat acid rain. In the meantime she has actually given the all clear signal for continued significant discharge of waste that creates acid rain from the smelting works in Sulitjelma. In political circles there is great surprise at such inconsistent struggle against acid rain.

The deadline for the operation of the smelting works was originally set for 1 July of this year, but in all probability it will be extended. An important reason for this is concern for jobs. Just the same, it has caused amazement in political circles that Environment Minister Rakel Surlien now says that environmental concerns are no hindrance to continued operation.

In an interview with NATIONEN Saturday, the environment minister said that the closing of the smelting works was not of decisive significance for whether Norway would meet her international obligations for the reduction of sulphur emission. This goal aims at a 30 percent reduction by 1993.

In Storting Bill 97 from 1982-3 the following is written on the discharge from the smelting works: The discharge from the smelting works sometimes contains very high concentrations of sulphur dioxide in Sulitjelma, with average values far above what is thought acceptable in relation to the Smoke Damage Council's proposal on maximum values and the norms that are set by the World Health Organization.

During the Nordic Council's session in Stockholm at the end of February and the beginning of March, the Nordic environmental ministers issued a statement against England for a lack of will to fight against acid rain. England was urged to follow the Nordic example in the fight against acid rain.

In the light of this statement and of the arguments Rakel Surlien is now presenting in Canada of the need for less acid rain, it is not surprising that

people wonder about her attitude toward the significant discharge from Sulitjelma. There is reason to believe that her position will be met with strong complaints in Sweden, which has the doubtful pleasure of receiving acid rain from Sulitjelma.

At the annual meeting of the Vestfold Center Party in February, Environment Minister Rakel Surlien said: "If we are to be able to influence other countries to reduce their discharge of sulphur gas, we must clean up before our own door.

9124

CS0: 3639/89

ALUMINUM, OZONE FOUND TO BE HAZARDS TO FORESTS

Stockholm DAGENSNYHETER in Swedish 12 Mar 84 p 4

[Article by Thomas Michelsen]

[Text] Aluminum released from water and the gas, ozone, are two of the primary causes of forest death in Middle Europe. Now it has been shown that both aluminum poisoning and ozone in dangerous amounts can also appear in our country.

At the beginning of Forest Week on Sunday, Professor Folke Andersson of Ultuna said that one can expect damage from aluminum poisoning to tree roots in Swedish forests as well.

When the earth is sufficiently acidized, many of the metals in the ground that are usually bound are released. Among them are cadmium and aluminum. When the metals are released in the ground water, they can have an effect on the tree roots. Experiments in Norway, among other places, have shown that aluminum poisons spruce.

Slow Process

Acidation is a slow process, according to Andersson. Only a few measurements have been taken. But comparisons of studies from 1927 and today show that forest earth has been acidized noticeably, and the cause must therefore be air pollution.

"The gas, ozone, also appears in Sweden in such concentrations that it can harm the forest. When one then combines ozone, sulphurdioxide, and nitric dioxides, the damage increases," Andersson said. In southern Sweden on certain days this material can appear in a combination that can cause gas damage to the forest.

Nitrogen Saturation

The ozone is formed by a chemical reaction between different materials in automobile exhaust gases under the influence of sunlight. Among other things, ozone damages the tree's ability to take in water. The tree gives off more water and can therefore dry out.

Besides gas damage and aluminum poisoning, there is in some sections of southern Sweden nitrogen saturation. That is, more nitrogen rains down from the polluted atmosphere than what the growth in the trees can absorb. Nitrogen is of course one of the most important growth nutrients.

When the tree is saturated with nitrogen, it can begin to suffer from a lack of other materials such as phosphorus and magnesium. This leads to increased sensitivity.

The climate plays an important role, according to Andersson. The recent dry summers can be the triggering factor in the damage.

But ground pollution and gas damage, and root damage are all stress factors for the tree. It causes reduced vitality in them. Then when the climate gets bad, the damage begins to show.

Little Knowledge

The general director of forest management, Erik Falk, said that one still knows extremely little about the damage to the Swedish forests. The Forestry Management has just made a study of Swedish damage. "There were so many factors that we learned little," Falk said. The purpose of the study among forest conservation consultants was, among other things, to train our people to see the damage.

The result that showed that two percent of the trees had died in the damaged areas was not regarded as very dangerous by Falk. Now this spring researchers will go into the damaged areas and search for explanations.

In a joint statement during "Forest Week," the Forest Conservation Union, the Hunters Union, and the Nature Protection Union stressed that the work in reducing our own air pollution must be pursued as strongly as possible. We cannot gain international credibility if we don't keep our own house clean.

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CSO: 3650/150

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